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EIGHTH ANNUAL REPORT

OF THE

FEDERAL HOUSING ADMINISTRATION

LETTER

FROM

THE COMMISSIONER, FEDERAL HOUSING ADMINISTRATION

TRANSMITTING

THE EIGHTH ANNUAL REPORT OF THE FEDERAL HOUSING ADMINISTRATION COVERING THE YEAR 1941

APRIL 14, 1942.—Referred to the Committee on Banking and Currency and ordered to be printed with illustrations

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LETTER OF TRANSMITTAL

FEDERAL HOUSING ADMINISTRATION,
Washington, D. C., April 10, 1942.

To the Congress of the United States:

Pursuant to section 5 of the National Housing Act as amended, I am transmitting herewith the eighth annual report of the Federal Housing Administration, covering the year 1941.

In view of the emergency requirements upon our personnel resulting from the FHA's war-housing activities and of the desirability of conserving paper, we have materially reduced the size of this report as compared with previous reports. The data eliminated are, however, on file and can be made available upon request.

Respectfully,

ABNER H. FERGUSON,
Commissioner.

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Part I

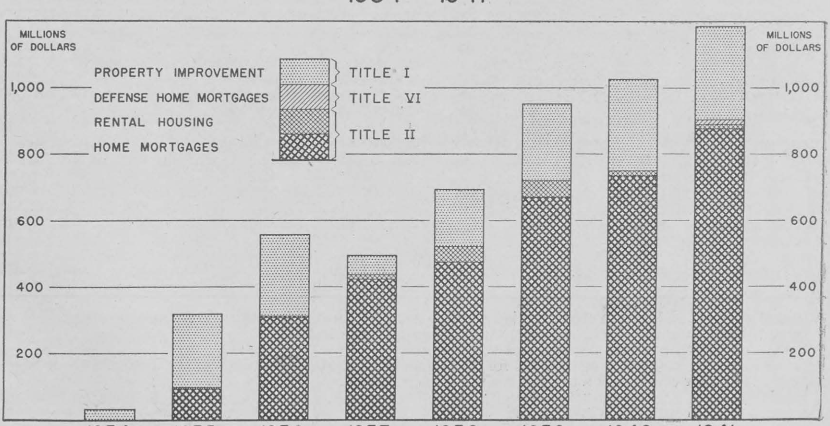
SUMMARY OF OPERATIONS

OPERATIONS of the Federal Housing Administration during 1941 were concentrated on the task of housing the vast army of American workers and their families engaged in the defense and wartime production effort of the United States. In furtherance of that objective, the activities of the FHA were directed toward stimulating a maximum volume of war housing construction by private enterprise and also involved full collaboration on the part of its extensive staff of experts, specialists and technicians in the over-all defense housing program sponsored by the Federal Government.

Small-home construction carried out during the year by private builders operating under the FHA insured mortgage program constituted a contribution of great magnitude to the housing supply needed for industrial workers producing the armaments, military supplies and other equipment essential for the nation's victory in the present world conflict. A total of 218,035 new small homes were produced under the FHA program during the year, representing 41 percent of the aggregate 1941 construction of privately financed single-family homes. Approximately 185,000 of the small homes constructed under the FHA program in 1941 were located in the areas

YEARLY VOLUME OF F H A INSURANCE WRITTEN

1934 - 1941



specifically designated by the President as having an acute need for additional housing for war workers.

Careful observance of the FHA's minimum construction requirements and property standards provided assurance of good quality for these small houses. In price, 79 percent of the single-family homes were valued at less than $6,000, including land and all utilities, and thus were well within the income range of a large proportion of war industry workers. During the closing months of the year, the proportion located within defense areas and valued below $6,000 was increasing.

Since the start of the emergency phase of the defense production effort in the early summer of 1940, approximately 312,000 new small homes were produced under the FHA program. With the exception of certain Federal contributions to FHA insurance reserves, which are still held intact, this important new supply of housing, built during a period when additional dwelling accommodations were essential to efficient prosecution of the defense production effort, has been provided without cost to the Federal Government. Fees and premiums paid by the public in return for the benefits of the insured mortgage program have been sufficient to pay all FHA operating expenses

TABLE I. *Yearly volume of business transacted: Trend and status of property improvement, home mortgage, rental housing, and defense home mortgage insuring operations, 1934–1941*

Year and status	Title I	Title II		Title VI	Total
	Property improvement loans insured	Section 203 home mortgages	Section 207 [1] rental projects	Section 603 defense home mortgages	
Status of FHA insurance as of December 31, 1941:					
Outstanding (net)	$482, 338. 987	$2, 948, 790, 898	$107, 268, 191	$13, 373, 250	$3, 551, 771, 326
Amortized (estimated)	1, 005, 560. 000	275, 081, 000	6, 627, 000	58, 000	1, 287, 326, 000
In force (face amount)	1, 487, 898, 987	3, 223, 871, 898	113, 895, 191	13, 431, 250	4, 839, 097, 326
Insurance terminated	[2] 37, 776, 509	359, 188, 225	26, 055, 325		423, 020, 059
Insurance written	1, 525, 675, 496	3, 583, 060, 123	139, 950, 516	13, 431, 250	5, 262, 117, 385
1934	30. 450, 583	(3)	(3)		30, 450, 583
1935	223, 620, 146	93, 882, 012	2, 355, 000		319, 857, 158
1936	246, 149, 913	308, 945, 106	2, 101, 000		557, 196, 019
1937	60, 382, 598	424, 372, 999	10, 549, 000		495, 304, 597
1938	172, 747, 308	473, 246, 124	47, 589, 150		693, 582, 582
1939	233, 067, 349	669, 416, 154	51, 340, 625		953, 824, 128
1940	276, 541, 365	736, 490, 344	13, 017. 900		1, 026, 049, 609
1941	282, 716, 234	876, 707, 384	12, 997, 841	13, 431, 250	1, 185, 852, 709
Commitments outstanding		349, 702, 580	(4)	119, 698, 700	469, 401, 280
Net accepted for insurance	1, 525, 675, 496	3, 932, 762, 703	139, 950, 516	133, 129, 950	5, 731, 518, 665
Expired commitments		323, 719, 444	(5)	13, 283, 390	337, 002, 834
Mortgages in process [4]		293, 346, 670	9, 369, 000	12, 075, 950	314, 791, 620
Rejections and withdrawals		1, 613, 209, 112	(5)	21, 624, 342	1, 634, 833, 454
Gross business transacted	1, 525, 675, 496	6, 163, 037, 929	149, 319, 516	180, 113, 632	8, 018, 146, 573

[1] Includes rental and release clause projects under sec. 210 repealed by June 3, 1939, amendment.
[2] Includes claims paid. Statistics on prepaid loans are not available.
[3] Not in operation pending necessary changes in state laws.
[4] Rental-housing mortgages committed for insurance are included as mortgages in process; 11 mortgages for $3,493,500 under examination are not included in this table.
[5] Rental housing mortgages rejected, withdrawn, or expired, numbering 986 for $693,395,084, are not recorded in total gross business transacted.

during this period and to provide a substantial reserve against possible future losses.

While a great proportion of the new home building stimulated by the FHA program in 1941 was an outgrowth of activities under the established system of Title II home mortgage insurance, operations of this character were broadened during the year by the new program of Title VI, Defense Housing Insurance, authorized by Congress in legislation approved on March 28, 1941. The Title VI program has now become the dominant vehicle for the FHA's insurance of war housing construction.

In addition to the large volume of new war housing construction stimulated by FHA activities during 1941, repair loans insured under Title I of the National Housing Act were helpful in maintaining adequate upkeep of existing homes in defense areas and in creating additional habitable dwellings through rehabilitation of substandard structures.

The experienced organization and effective operating techniques developed by the FHA in the course of its seven years of insurance activities have also proved valuable in furthering the execution of the over-all war housing program. That program has involved a considerable volume of federally financed defense housing construction to supplement the activities of the private building industry in localities where private enterprise could not feasibly meet the emergency needs. The familiarity of the FHA's field offices with local market conditions as well as its facilities for research and market analysis were drawn upon extensively in determining the need for housing in defense centers and in allocating the resulting construction between private builders and public agencies.

The services of the FHA's field offices also are being utilized by the War Production Board for the processing of preference rating applications for material priorities purposes involving private war housing. Similarly, the technical services of the FHA have been employed on a wide scale on a variety of problems involving the general war housing program and on such related questions as the conservation of critical materials in housing construction. A more complete description of these activities and of the total role played by the FHA in the war housing program will be found in the succeeding section of this report.

INSURING OPERATIONS DURING 1941

Because of the sharp increase in activity under the FHA program in defense areas, the total principal amount of loan insurance written during 1941 increased to $1,185,852,709 from $1,026,049,609 in 1940. The distribution of this volume between the various titles of the National Housing Act is shown in Table I.

By December 31, 1941, the cumulative volume of loans insured since the inception of the FHA program in June 1934 was $5,262,-117,385. This total involved approximately 4,600,000 individual loan transactions and approximately 14,500,000 persons are now living in dwellings built, purchased, or improved through the proceeds of FHA-insured loans. Through repayments and terminations, the estimated outstanding amount of loans protected by FHA insurance had been reduced to $3,551,771,326 as of December 31, 1941.

INCOME AND EXPENSES

During 1941, the current revenues of the Federal Housing Administration exceeded its administrative expenses by $13,003,032 as compared with $7,982,342 in 1940. By authorization of Congress, all FHA administrative expenses during the fiscal year ending June 30, 1942, are being paid out of current FHA revenues. The same was true in the fiscal year ended June 30, 1941.

The total income of the Administration from fees and premiums charged for insurance under Titles I, II, and VI and from interest on investments was $26,877,951 in 1941, compared with $21,241,076 in 1940 and $14,411,416 in 1939.

Total administrative expenses in 1941, exclusive of equipment, amounted to $13,874,919, compared with $13,258,734 in 1940. The increase of 4.6 percent in expense over 1940 contrasted with an expansion of 15.6 percent in the total volume of insurance written.

Pursuant to the provisions of the National Housing Act, current income not required for payment of administrative expenses is deposited to the credit of the various FHA insurance funds, which aggregated $49,841,554 as of December 31, 1941. A description of the status and operation of these funds is contained in Part IV of this report.

CHANGES IN THE NATIONAL HOUSING ACT

Amendments to the National Housing Act during 1941 involved the creation of a system of defense housing insurance under Title VI of the act, modification of a number of existing provisions of the act in the interests of more effective execution of the FHA program, and extension of various important phases of that program which otherwise would have expired on July 1, 1941.

The legislation establishing Title VI was approved by the President on March 28, 1941. It authorized the insurance of new-home mortgages with terms of not more than 20 years in areas designated by the President as having an actual or impending shortage of housing sufficient to impede defense activities. It permits insurance of mortgages of up to 90 percent of FHA valuation to builder-mortgagors as well as to owner-occupant mortgagors. Individual mortgage amounts were limited to $4,000 on a single-family dwelling, $6,000 on a two-family dwelling, $8,000 on a three-family dwelling, and $10,500 on a four-family dwelling. A special Defense Housing Insurance Fund of up to $10,000,000 was established through federal contribution to provide a reserve for possible future losses. The maximum principal amount of mortgage insurance authorized under Title VI was set originally at $100,000,000 and was increased to $300,000,000 in legislation approved on September 2. A more complete discussion of Title VI will be found in the next section of this report.

In legislation approved on June 28, 1941, the principal amendments to the act were as follows:

1. The authority of the Federal Housing Administrator to insure property improvement loans under Title I of the act, which would have expired on July 1, 1941, was extended for two years to July 1, 1943.

2. The maximum amount of any individual loan which may be insured under Title I was raised from $2,500 to $5,000 in the case of loans to finance repair or remodeling of residential structures designed or to be designed for more than one family, and from $2,500 to $3,000 with respect to loans to finance the construction of new structures. For modernization and improvement loans of more than $2,500, the maximum term was extended from three years and 32 days to five years and 32 days.

3. The President was authorized to increase by $1,000,000,000 the maximum principal amount of all mortgages insured under Title II of the act which may be outstanding at any one time. The previous maximum authorization was $4,000,000,000, which thus may be increased by Presidential approval to $5,000,000,000.

4. The authority of the Administrator to insure mortgages on existing homes, which would have expired on July 1, 1941, was extended for three years to July 1, 1944. The previous provision limiting the aggregate amount of mortgage insurance involving existing homes to 25 percent of the total amount of insurance authorized under Title II was amended by increasing that ratio to 35 percent.

5. The authority of the Administrator to include a portion of foreclosure costs in the debentures issued in connection with high-percentage mortgages insured under the provisions of Section 203 (b) (2) (B) was extended for three years to July 1, 1944.

6. The Administrator was authorized to consent to extensions or refinancing of Title I modernization or improvement loans insured since July 1, 1939, upon such terms and conditions as he may prescribe, subject to certain limitations.

EFFECT OF WAR ON FHA ACTIVITIES

The war now being waged by the United States and its Allies against the Axis powers has, of course, caused major changes in both the nature and the direction of FHA activities. Throughout the war period, the energies of the Federal Housing Administration will be concentrated on those housing functions which are of maximum utility to the successful execution of the war. This means a concerted drive to stimulate that type of privately financed low-cost housing, particularly for rent, which can best meet the housing needs of war workers in the war industry centers. It means extension of the FHA's services to the war-housing program as a whole. Simultaneously, the necessity of conserving critical materials needed for armament production is causing a sharp curtailment in nonwar residential construction and a corresponding decline in the FHA's insurance activities involving that type of construction.

The details of the FHA's participation in the defense and war programs are set forth in the next section of this report.

Part II

THE FHA'S ROLE IN WAR HOUSING

THE important contributions of the Federal Housing Administration to the general program of housing for war workers fall into two main categories. First, as an operating agency which insures the financing of a large part of private residential construction and thereby exerts a broad influence on home-building trends, the Administration's operations during the emergency period have been instrumental in channeling construction into those types best suited in price and in location to the needs of the war-housing program. The scope of the FHA's influence in the private home-building industry is shown by the fact that 41 percent of the privately financed single-family dwellings built in 1941 were constructed under FHA inspection and thus were planned and executed in accordance with the standards successfully developed and applied in the course of the Administration's seven-year experience.

The second broad field for FHA war-housing activities has consisted of cooperative services for the war-housing program as a whole. In these endeavors, the Administration's technical skills, its familiarity with local housing conditions throughout the country, and its trained personnel both in Washington and in field offices have been brought to bear on problems important to the effective execution of the total war-housing program. As a vital corollary to these activities, the Administration's services also have been utilized to minimize the impact of necessary war-housing construction on the supply of materials critically needed for expanded war production. A steadily increasing use of FHA facilities and personnel by war agencies is indicated.

THE WAR-HOUSING PROBLEM

FROM the outset of the emergency armament-expansion program in May and June 1940, there has been widespread recognition of the need for adequate facilities to house factory workers in armament plants and in supplying industries in order to avoid any unnecessary impediment to the production effort. The excessive labor turn-over experienced in numerous armament-producing localities during the first World War because of housing shortages lent particular emphasis to the importance of this problem. As a result, in the first phases

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of the present emergency, machinery was set in motion by the Federal Government to study the existing and future requirements for housing factory personnel in areas of expanding armament-production activity, to provide such housing where and when it was needed, and thereby to minimize the dislocations in production resulting from the sharp increase in armament employment.

The anticipated acute need for war housing, which has been fully confirmed by experience during the constantly enlarging production effort, was based on two main influences. The most fundamental was an outgrowth of the necessary influx of new workers and their families into the major armament-producing areas in sufficient numbers to satisfy the employment requirements of the production program, thereby superimposing a sudden new demand upon the normal housing market of the respective communities.

This influence has been constantly in force throughout the emergency, not only in the vicinity of new armament plants located in areas hitherto undeveloped industrially, but also in most established industrial regions where the existing reserve supply of labor proved insufficient to meet the full needs. In addition, expanded employment in established industrial areas brought an enlarged demand for low-cost housing from workers already residing in the locality but who previously had been sharing quarters with others or inhabiting substandard dwellings because of subnormal earnings or lack of jobs. With full employment and larger earnings, many workers in this category entered the market for modern small houses. This influence was particularly apparent during the earlier phases of the armament production program.

To supply the need for housing accommodations for war workers and thereby to forestall employment dislocations due to housing shortages, immediate expansion was necessary in residential construction suitable for war workers in the specific areas where shortages were threatened or were already existing. In contrast to the experience in the previous world war, the private construction industry was favorably situated to undertake such expansion.

The accomplishments of the Federal Housing Administration program since its establishment in June 1934, were responsible in large degree for the ability of the private home construction industry to readjust its operations rapidly to the needs of the war housing effort. Mainly because of the protection offered by the FHA-insured-mortgage system, the private capital market for home mortgages had been reopened on a broad scale, after the virtual stoppage of such financing during the depression years. FHA-insured mortgages were in strong demand as a sound investment outlet for lending institutions in all parts of the nation, thereby affording assurance against restriction of war housing activities because of local credit stringencies. By June 30, 1940, when the need for war housing first became acute, a total of 538,177 home mortgages aggregating $2,288,347,588 had already been insured under Section 203 of the National Housing Act and approximately 7,600 private lending institutions were actively participating in the FHA program.

Furthermore, the liberal provisions of the long-term, high-percentage amortized home mortgages established under the FHA plan had made it possible to finance well-designed, soundly built small homes at a monthly cost commensurate with the incomes of a large proportion of industrial workers. In keeping with this opportunity and under the constant encouragement of the FHA, there had been a steady growth of home building activity in the lower price ranges needed for war housing purposes. Builders were familiar with FHA procedures and approximately 40 percent of all privately financed single-family home construction was already going forward through the facilities of the FHA.

Similarly, the FHA plan had won widespread public acceptance because of the low monthly financing costs it offered and because of the protection provided to the public by the FHA's technical standards for home properties securing FHA-insured loans. Finally, as a going organization accustomed to servicing a large volume of individual mortgage insurance applications, with the accompanying architectural inspections, valuations, credit examinations, land-planning activities, and kindred operations, the FHA itself was geared to accommodate increased activity in defense-industry areas without delay.

Through the impact of such factors as these, together with general economic recovery, home-building operations had already attained a high degree of momentum when the defense emergency arrived; a factor which facilitated the further quick expansion needed in the defense-industry areas. From the low ebb in 1933, when only 54,000 new dwelling units were built in nonfarm areas in the United States, construction had recovered to 515,000 dwelling units in 1939, of which 459,000 were privately financed. A further expansion occurred during the early months of 1940.

TABLE 2.—*Public and private nonfarm dwellings: Number of privately financed 1-family, 2-family, and multifamily units permitted, as reported by Bureau of Labor Statistics, 1935–1941*

Year	Privately financed				Total publicly financed	Total nonfarm
	1-family	2-family	Multifamily	Total		
1935	183,000	7,700	25,000	215,700	5,300	221,000
1936	243,900	14,300	46,000	304,200	14,800	319,000
1937	266,800	16,300	49,300	332,400	3,600	336,000
1938	316,400	17,900	65,000	399.300	6,700	406,000
1939	373,000	20,000	66,000	459,000	56,000	515,000
1940	448,000	25,000	57,000	530,000	73,000	603,000
1941	533,000	28,000	58,000	619,000	96,000	715,000

Since all ingredients were present for rapid expansion in small home construction, geared to the needs generated by defense industry expansion, the privately financed home-building industry was in a strategic position to undertake a large share of the responsibility for providing the new housing needed to accommodate war-industry workers.

There were and are, of course, important spheres of the defense housing problem in which privately financed operations are not feasible and where the Government necessarily must finance the needed housing directly. These include such situations as housing for married enlisted personnel of the Army and Navy and for other essential workers whose income scale is insufficient to pay economic rents; housing in areas developed exclusively for war-production purposes and where there is serious doubt as to the continued usefulness of the facilities in the post-war period, and housing in established industrial areas where private building cannot feasibly be expected to meet the entire emergency need, whether because of limited local building facilities or because of the absence of any assurance of future need for all the added dwelling units.

In all other respects, privately financed operations were essential for quick action in meeting war housing needs. Furthermore, the sphere of activity in which private operations were feasible represented the greater part of the total war housing need. The response of the private home-building industry is demonstrated by the increase in privately financed construction to 530,000 dwelling units in 1940 and by the further expansion to 619,000 units during 1941.

PRODUCTION OF WAR HOUSING UNDER THE FHA PROGRAM

Throughout the emergency period, builders operating under the FHA program have been in the forefront of the privately financed war housing effort. Expansion in small home construction financed by FHA-insured loans began in the earliest phases of the emergency armament production program. During the last half of 1940, an average of more than 3,600 new small houses per week were started under FHA inspection and this activity was concentrated largely in those industrial areas where employment was increasing most rapidly.

In 1941, with the constantly enlarging production effort calling for corresponding expansion in the supply of housing for war industry workers, the contribution by the FHA program was of still greater proportions. New dwelling units financed by FHA-insured loans increased to 218,035 from 171,440 in 1940 (excluding in both years apartment units provided in rental projects insured under Section 207 of the National Housing Act). Over and above this increase in total volume, there was a further marked concentration of activity in the war industry areas having the greatest need for additional housing.

Of the new homes produced under the FHA program during 1941, approximately 185,000 were located in the areas specifically designated by the President as having an acute need for additional housing for war workers. In these areas, the increase over 1940 levels in new home construction financed by FHA-insured loans was 41 percent. In the remainder of the country, the volume of construction financed under the FHA program declined 17 percent from 1940. During the closing months of the year, the concentration of activity in the war industry areas was increasing. This was caused by the growing shortages of certain building materials, by the limitation of priorities aid in securing such materials to qualified projects in the designated areas, and by the general necessity of curtailing all building activity which is not of demonstrable utility to the war effort.

In financing this large volume of housing in war industry areas, private lending institutions operating under the FHA program advanced approximately $800,000,000 in mortgage loans which were eligible for FHA mortgage insurance. Since most of this construction was suitable for housing war industry workers, this mobilization of private funds for the war housing program relieved the Federal Government of substantial additional immediate expenditures for federally financed defense housing projects.

Furthermore, by enforcement of the FHA's established standards and requirements, the war housing produced under the FHA program

TABLE 3.—*New dwelling units provided under FHA: Total yearly volume of mortgages accepted for insurance, 1935–1941*

Year and month	Title I	Title II		Title VI	Total [3]
	Small home mortgages	Small home mortgages	Rental project dwellings	Defense home mortgages	
1935	----------	12,360	738	----------	13,098
1936	----------	45,562	625	----------	46,187
1937	----------	53,552	3,032	----------	56,584
1938	5,845	97,645	11,905	----------	115,395
1939	10,783	123,731	13,342	----------	147,856
1940	9,107	162,333	3,562	----------	175,002
1941:					
January	730	10,078	140	----------	10,948
February	508	9,580	439	----------	10,527
March	629	13,628	868	----------	15,125
April	592	15,663	544	----------	16,799
May	154	17,069	248	----------	17,471
June	1,365	18,649	105	[1] 14,375	34,494
July	1,086	17,902	77	4,534	23,599
August	424	17,462	123	4,740	22,749
September	573	16,105	39	3,658	20,375
October	559	14,317	574	3,329	18,779
November	471	9,859	423	4,068	14,821
December	642	9,339	----------	5,947	15,928
Total	7,733	169,651	3,580	40,651	[2] 221,615

[1] April through June.
[2] This compares with 213,808 new homes started as reported from first compliance inspections made by FHA insuring offices.
[3] For the year 1941, over 98 percent of the Title I, class 3, the Title II, and the Title VI mortgages involved single family properties.

consists of well-planned, durable, comfortable structures which represent a valuable contribution to the nation's long-term housing supply, in addition to meeting the pressing needs of the war emergency.

The Title VI Program

The rapid adjustment of FHA operations to the needs of war housing was greatly facilitated during 1941 by establishment of the Title VI Defense Housing Insurance program. Furthermore, during 1942 Title VI is expected to provide the major vehicle for continued large-scale participation in the war housing program by the builders and lending institutions operating under the FHA plan.

The principal objective of the Title VI amendment to the National Housing Act is to apply to emergency war housing needs the operating techniques and insuring policies successfully developed by the FHA in its normal program of small home insurance under Title II. In approaching this objective, Title VI provisions liberalize the requirements of Title II primarily by authorizing the insurance of mortgages covering up to 90 percent of FHA valuation of a property in cases where the builder or other nonoccupant is the mortgagor. Under Title II, 90-percent mortgages are restricted to owner-occupied new homes.

This change constituted important assistance to the financing of housing projects suitable for war workers but built for owner's account. It also provided the most liberal financing medium ever available for low-cost rental properties. Furthermore, it provided a medium for the sale of low-cost homes to workers lacking ready cash funds to satisfy the 10-percent down payment required under Title II before occupancy. Under Title VI procedure, the purchaser can occupy the dwelling while accumulating the required 10-percent equity and meeting the monthly mortgage payments.

The minimum construction requirements and property standards developed for new home construction under established FHA procedures were applied to Title VI also, thereby assuring good quality in the war housing produced under the new program. Terms covering issuance of debentures to mortgagees in exchange for foreclosed Title VI properties are largely identical with those established for Title II properties except that more liberal provision is made for reimbursement for foreclosure costs on properties which default in the early term of the mortgage.

FHA Houses for War Workers

In addition to the volume of small home construction stimulated by FHA activities in war industry areas, the availability of the completed houses for occupancy by war industry workers is a fundamental measure of the FHA program's contribution to the needed supply of war housing. One of the most far-reaching influences of the FHA plan has been its establishment of a practical financing plan making possible the production of new houses for almost all families able to pay economic rents for standard used dwellings. In reflection of this impetus, there has been a steady increase in the production of low-cost small houses under the FHA program, in contrast to the concentration on higher-priced construction which previously was typical of residential building activity.

In defining defense housing for priorities purposes, governmental authorities determined upon a top sales price limit of $6,000 for a single-family house and lot, including all utilities. In 1937, a total of 59.3 percent of all new houses financed under the FHA program were valued at less than this $6,000 level. By 1939, the percentage had risen to 71.0 percent and in 1940 it rose again to 73.7 percent.

During 1941, the trend was again extended so that 79 percent of the new single-family homes financed by FHA-insured loans were valued at less than $6,000. Furthermore, 58.6 percent of the new homes produced under the FHA program in 1941 were valued at less than $5,000, and 27.3 percent were valued at less than $4,000.

These results represented primarily a further readjustment to the need for low-cost housing generated by the armament production program and reflected only in lesser degree the impact of the defense housing priorities system, which did not become effective until the closing months of the year. Under existing wartime conditions, of course, virtually all construction proceeding under the FHA program is within the $6,000 maximum price limitation established for priorities purposes.

An important corollary of the increased output of FHA-insured low-cost homes has been the steady broadening of the income groups acquiring new homes under the FHA plan. Of the new homes insured during 1941 under Title II, 34.2 percent were purchased by families with annual incomes of less than $2,000, as compared with 28.5 percent in 1940 and 19.8 percent in 1937. Furthermore, 64.1 percent of the new Title II homes were acquired in 1941 by families with incomes of less than $2,500, compared with 56.8 percent in 1940 and 43.7 percent in 1937. The significance of this trend is heightened by the fact that workers' incomes averaged higher in 1941 than in previous years because of increased wages, fuller employment, and longer working periods. In addition, substantially all houses produced under the Title VI program in 1941 were designed for workers with family incomes of less than $2,500.

The Title I Program and War Housing

As a means of securing maximum use of existing housing facilities in war industry areas, repair and property improvement loans insured under Title I of the National Housing Act provided a ready financing medium in 1941 for rehabilitation of substandard dwellings, for maintenance of existing dwellings in adequate condition, and for the conversion of large, old houses into a number of modern small apartments. Such operations provided a quick means of creating additional dwelling units, with minimum consumption of critical materials. Larger conversion operations, entailing expenditures of more than $2,500, were made possible under Title I by the increase in maximum insurable loan amount to $5,000 in the case of loans to finance repair or remodeling of dwellings designed or to be designed for more than one family, and by extension of the maximum term for such loans to five years and 32 days. As a further measure to facilitate such operations, the FHA by administrative action reduced the maximum discount rate permitted on Title I loans of more than $2,500 to $4 per $100 from the $5 maximum permitted on smaller loans.

COOPERATIVE FHA SERVICES IN THE WAR HOUSING PROGRAM

In addition to the important contribution to war housing represented by the large volume of such construction which has been produced under the FHA program, the Federal Housing Administration has given valuable assistance to the over-all execution of the war housing effort through special services and responsibilities undertaken in the interest of the national defense program as a whole.

Since the war housing program involves both publicly financed and privately financed construction, effective integration of these two phases of activity is clearly an essential requirement for efficient operations. From the outset of war housing activities, therefore, the FHA has maintained daily liaison with the other Governmental agencies engaged in the war housing effort and has made available its services for the desired integration of the program.

One of the most important planning functions of the war housing program has been the determination of the need for housing in the specific war industry areas and the programming of the necessary construction to satisfy that need as expeditiously as possible. This primary function has involved consideration of such subsidiary questions as the types and price ranges of accommodations required to meet the needs of war industry workers in the various areas, the proportion of the total need in each area which could be met by privately financed building, and the volume of federally financed construction required. Responsibility for the determination of need and for the programming of the federally financed projects rested until February 24, 1942, in the Division of Defense Housing Coordination, subject to Presidential review and approval. In reaching decisions on these matters, the Defense Housing Coordinator was assisted in large degree by information and studies prepared by the Federal Housing Administration.

Much of the information made available was based on detailed market studies prepared by the FHA's Division of Research and Statistics, utilizing an extensive system for analysis of housing conditions in local communities which had been developed in prior years for the guidance of administrative officials in determining operating policies. Under the war housing program, substantially all activities of this nature have been devoted to meeting the urgent need for an increasing volume of reports on the housing situation in war industry areas. These reports involve analysis of the economic background of the areas, the war industry operations involved, prospective increases in employment, the existing housing supply, and current real estate conditions. On the basis of such analysis, estimates are made of the amount of housing required to meet war industry needs and of the proportion of the total need which feasibly can be met by private builders. During 1941, more than 200 reports were completed on individual cities representing all major war industry areas.

In addition to complete statistical surveys of this nature, FHA field offices have continually supplied current reports upon developing conditions in their respective territories. These reports, prepared by persons thoroughly familiar with the local situation, have been of great supplementary value in providing the Division of Defense Housing Coordination with first-hand information on local needs for war housing and on the extent to which private capital may be expected to produce needed housing within the necessary time limitations.

As a further measure to facilitate the integration and coordination of the publicly and privately financed aspects of the war housing program, a consultative procedure was established between FHA field offices and federal construction agencies in connection with the selection of sites for publicly financed war housing projects. Through this procedure, site selection of scheduled public projects was assisted by the extensive knowledge of local real-estate conditions possessed by FHA field personnel, and possible sources of local friction were minimized which might otherwise have tended both to discourage privately financed war housing operations in the various areas and to interfere with or delay public projects.

Technical Aids to War Housing

The technical services of the Federal Housing Administration have been widely utilized in the nationwide effort for conservation of critical materials vitally needed for armament production. As a

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result, the activities of the FHA staff in this direction have played an important role in the development of conservation procedures which have sharply reduced the consumption of critical metals in the construction of war housing.

When the imperative need for metals conservation became apparent early in 1941, effective governmental action in the field of housing was handicapped by the lack of information on the quantity of materials normally used in dwelling construction, which could be used to measure the impact of war housing needs on the national economy. To provide this essential information, the FHA's Technical Division prepared for the Office of Production Management an extensive analysis of the quantity of materials used in a representative sample of single-family houses constructed under the FHA program. The findings of this analysis permitted the OPM to gauge the maximum impact of war housing on the total available supply of critical materials.

After completion of this report, the Technical Division assisted the OPM in preparing a list of critical materials essential for use in war housing. This list consisted of those items for which priorities assistance was made available for the construction of qualified privately financed war housing projects, in a system established by the OPM in September 1941, and was intended to accomplish the maximum conservation of critical metals in such housing commensurate with adequate construction. The list contained only those items for which there are no acceptable substitutes produced from noncritical materials.

In every case, the items were selected on the basis either of using minimum amounts of critical materials or of using the less critical materials. Comprehensive analysis also was made of the distribution system of materials and equipment involving critical metals used in a typical housing development. This analysis was made to anticipate problems involved in the extension of priority ratings to the ultimate material producer, since a smooth flow of materials to builders is essential to an orderly development of war housing projects.

In furtherance of its efforts to conserve critical metals in war housing construction, the Administration also reviewed its minimum construction requirements and property standards and, wherever necessary, made adjustments to meet emergency conditions without impairing the qualities essential for long-term utility. In this connection, studies were made of substitute materials, alternate construction methods, and design methods that would contribute to the conservation of materials. Manufacturers were given assistance in developing types of equipment which would replace or minimize the use of critical metals. Special studies were made of heating methods, heating equipment, and insulating standards in order to conserve metals and fuel by increased heating efficiency. The Administration also cooperated actively in the development by the Central Housing Committee of the Recommended Building Code Requirements for New Dwelling Construction. These recommended requirements were prepared as a model code for war housing, applicable for use in areas where no code exists, as an aid in writing local codes, or for adoption as a supplementary code for war housing purposes.

As a further service to the war housing program, the Administration's technical experts assisted the Division of Defense Housing Coordination and the Public Buildings Administration in their studies of prefabricated construction and demountable houses for use in defense areas. This service dealt especially with the appropriate use of materials, proper structural design for durability and moderate maintenance cost, the adequacy of equipment, the practical qualities of proposed special construction methods, and the conservation of metals.

FHA Services For War Housing Priorities

Upon establishment of a system for priorities assistance for privately financed war housing construction in September 1941, the services of the field offices of the Federal Housing Administration were enlisted to process applications for preference ratings, as agent for the Office of Production Management. This procedure has been continued by the latter's successor organization, the War Production Board.

Under these arrangements, builders seeking preference ratings file application at their local FHA office, where it is examined to determine whether the construction is considered to be within the meaning of "defense housing" and to comply with the applicable requirements of the war housing priorities system. The application is then transmitted, with the accompanying findings of the FHA office, to the Division of Defense Housing Coordination and the War Production Board for final action. These services by the FHA have been completely divorced from its underwriting activities as a mortgage

TABLE 4.—*Preference rating applications processed in FHA insuring offices: FHA and WPB disposition of applications and dwelling units provided, 1941*

Action	Number of applications			Number of dwelling units		
	Total	New construction	Rehabilitation projects	Total	New construction	Rehabilitation projects
FHA action:						
Received	11,056	10,790	266	170,900	169,280	1,620
Ineligible [1]	797	760	37	25,816	25,604	212
Eligible [1]	10,068	9,841	227	147,301	145,935	1,366
WPB action:						
Forwarded to DHC	10,865	10,601	264	173,117	171,539	1,578
Disapproved	1,518	1,464	54	39,509	39,108	401
Approved	7,815	7,633	182	107,533	106,231	1,302

[1] Includes reopened cases.

insurance agency and all applications for preference ratings have been processed without regard to the type of financing used.

A summarization of the applications processed by the FHA between the effective date of the housing priorities system on September 22 and December 31, 1941, and of the action taken on these applications by the War Production Board is shown in Table 4.

To qualify for priorities assistance in securing critical materials, a private war housing project must (1) be located within reasonable distance of the designated Defense Housing Critical Areas; (2) suitable for and intended primarily for defense workers within those areas; and (3) offered at a sales price or rental within reach of the defense workers for whom the housing is intended. Furthermore, the estimated market price of units built for sale may not exceed $6,000 per family unit including land, and the estimated shelter rent of rental units shall not exceed $50 per family unit. The highest preference ratings were given to qualified projects under construction on September 1, 1941, and to remodeling or rehabilitation which created or made habitable increased dwelling accommodations. A lower rating was granted to new construction for rent, and a still lower rating to new construction for sale.

For projects approved for preference ratings, priorities assistance is given only to secure items on the Defense Housing Critical List. Under regulations, preference ratings involving defense housing terminate 4 months from date of issuance and no preference ratings are issued covering construction of any building to be started more than 3 months later than the effective date of the preference rating order.

As a further service to the administration of governmental priorities, the FHA field offices also acted as agents for the War Production Board in receiving and processing applications for priorities assistance to complete privately-owned and non-defense houses or housing projects started before October 9, 1941. To qualify for such assistance, the foundations under the main part of each structure for which a preference rating was sought must have been in place before that date. The purpose of this priorities procedure was to avoid undue hardship to builders of nondefense projects which were started before the construction industry was placed on notice by the Government as to the desirability of curtailing nondefense construction and which were not completed due to inability to secure essential scarce materials.

THE FHA'S ROLE UNDER WAR CONDITIONS

Subsequent to the outbreak of warfare between the United States and the Axis powers, steps were initiated at once to place the FHA program on a complete war basis in order to increase the usefulness of FHA-stimulated building activities to the war effort and to set aside those remaining activities not directly productive from a war standpoint. Thus, the conversion of FHA activities to a wartime basis, which had been under way at an increasing tempo since the start of the emergency armament program in the early summer of 1940, is being completed.

Under wartime conditions, the need for war housing has become more urgent than ever before in view of the unprecedented expansion in armament production now under way in accordance with the President's wartime production schedules. To gear its operations to these requirements, the FHA at once took steps to expand production of low-cost homes under the FHA program in critical war industry levels even beyond the advanced levels attained during 1941. Utilizing primarily the Title VI insurance machinery, the FHA liberalized its administrative and technical procedures, broadened its technical assistance to builders in planning low-cost projects, and in general accelerated the channeling of all new building into the types needed for the war effort.

Furthermore, an intensive effort was launched in December, 1941, to increase production of low-rental quarters for war industry workers. The relatively small proportion of construction designed for rent rather than for sale had previously been the one important limitation on the contribution of privately financed war housing activities, inasmuch as many war workers prefer to rent quarters rather than to purchase them because of the uncertainties surrounding the length of their employment and residence in the war industry centers.

In response to these efforts, a sharp expansion developed early in 1942 in the volume of war housing operations undertaken under the FHA program, an expansion which was particularly notable for the large proportion of moderate rental projects.

Part III

FHA INSURANCE OPERATIONS DURING 1941

HOME MORTGAGE INSURANCE UNDER TITLES II AND VI

HOME MORTGAGE insurance operations, which constitute the major field of activity for the Federal Housing Administration, were broadened during 1941 by enactment of the Title VI—Defense Housing Insurance Amendment to the National Housing Act, which became operative in April. In reflection of the additional volume of construction generated by the Title VI program in defense areas together with increased activity under the Title II program in the same areas, the volume of home mortgage insurance processed and written expanded to the highest level in the seven-year history of the Administration.

Under Title II and Title VI combined, applications for insurance on 339,816 1- to 4-family home mortgages were selected for appraisal during 1941, an increase of 20.1 percent over the number of mortgages selected under Title II in 1940. A total of 251,030 mortgages were accepted for insurance under the two titles in 1941, an increase of 24.1 percent over the Title II mortgages accepted in 1940.

Under Title II alone, the volume of business registered a slight increase over the previous record levels of 1940. This gain resulted from the larger volume of applications submitted during the first seven months of the year, when the number of mortgages selected for appraisal under Title II was 14.4 percent greater than in the corresponding period of 1940. During the last five months of the year, in reflection of the declines in nondefense construction, the number of Title II home mortgages selected for appraisal decreased 13.8 percent from 1940 levels. The rate of decline, moreover, was increasing as the year ended.

For 1941 as a whole, the number of mortgages selected for appraisal under Title II increased 2.9 percent over 1940, the number accepted for insurance increased 3.9 percent, and the number which became premium paying increased 18.1 percent.

Operating procedures under the two titles are largely identical, with the exception that operations under Title VI are limited by law to new dwellings in defense areas designated by the President. Under both titles, applications for mortgage insurance are received in FHA insuring offices from lending institutions rather than from the individual borrowers. If a loan is clearly ineligible, the application is returned. If the first review indicates examination is to be made, the mortgage is recorded as "selected for appraisal."

After preliminary examination, the application undergoes underwriting analysis, involving a determination of its eligibility on the basis of FHA minimum construction requirements and property standards, appraisal of the property, and analysis of the credit of the borrower. If all tests are met, a commitment is issued to the mortgagee to insure the mortgage when it is executed in accordance with the terms of the application. Under Title II, no commitments are entered as "mortgages accepted for insurance" except when the individual borrower is approved. On mortgages covering homes to be constructed for sale by operative builders, a conditional commitment is issued which provides for insurance when the building is completed in accordance with plans and specifications and the property has been purchased by an individual mortgagor meeting the credit risk requirements of the FHA. Under Title VI, which authorizes insurance of 90-percent mortgages to builder-mortgagors, only firm commitments are issued and mortgages are recorded as "accepted for insurance" when the original commitment is granted.

Under both titles, when the mortgage is executed in accordance with the terms of the commitment and is presented to the FHA

TABLE 5.—*Status of FHA mortgage insurance operations: Disposition of face amount of all 1- to 4-family home mortgage insurance applications under Titles II and VI cumulative 1935–1941*

Status of insuring operations	Title II home mortgages		Title VI defense home mortgages	
	Number	*Amount*	*Number*	*Amount*
Net insurance in force	751, 701	$2, 948, 790, 898	3, 778	$13, 373, 250
Amount amortized	----------	275, 081, 000	----------	58, 000
Face amount outstanding	751, 701	3, 223, 871, 898	3, 778	13, 431, 250
Insurance terminated [1]	81, 121	359, 188, 225	----------	----------
Total mortgages insured	832, 822	3, 583, 060, 123	3, 778	13, 431, 250
Firm commitments outstanding	75, 733	351, 568, 850	33, 010	120, 050, 200
Net mortgages accepted for insurance [2]	908, 555	3, 934, 628, 973	36, 788	133, 481, 450
Firm commitments expired [2,3]	84, 466	321, 853, 174	4, 005	12, 931, 890
Gross mortgages accepted for insurance	993, 021	4, 256, 482, 147	40, 793	146, 413, 340
Conditional commitments outstanding	59, 722	274, 577, 200	----------	----------
Conditional commitments expired [3]	87, 518	394, 894, 466	----------	----------
Total commitments issued	1, 140, 261	4, 925, 953, 813	40, 793	146, 413, 340
Rejections and withdrawals [3]	239, 962	1, 218, 314, 646	4, 597	21, 624, 342
Total mortgages processed	1, 380, 223	6, 144, 268, 459	45, 390	168, 037, 682
Cases in process of examination	3, 967	18, 769, 470	3, 227	12, 075, 950
Total mortgages selected for appraisal	1, 384, 190	6, 163, 037, 929	48, 617	180, 113, 632

[1] As reported by the Comptroller's Division in Washington.
[2] Total firm commitments outstanding, accepted, and expired as reported by insuring offices differ from property location figures as shown in Table 1 because of the lag in tabulation of mortgages by property location in Washington.
[3] Excludes cases reopened.

insuring office, it is endorsed for insurance and the first annual insurance premium is collected. The mortgage is then entered on the books as a "premium-paying mortgage." If the mortgage covers a house to be constructed, it cannot become a premium-paying mortgage until construction is completed free of liens.

In the case of new dwellings, a period of not more than eight months is allowed between the issuance of the commitment to insure and the final closing of the transaction. For existing homes, a period of 90 days is allowed. If at the end of the stated period the commitment to insure is not converted to a premium-paying mortgage, it is entered as an "expired commitment" and is no longer included in the total reported as "net mortgages accepted for insurance."

TABLE 6.—*Trend of selected, accepted, and premium paying mortgages: Gross face amount of 1- to 4-family home mortgages under Titles II and VI, as reported by FHA insuring offices, 1935–1941*

Month and year	Mortgages selected for appraisal		Mortgages accepted for insurance		Premium paying mortgages	
	Number	Amount	Number	Amount	Number	Amount
TITLE II						
Section 203:						
1935	69,196	$270,010,238	42,147	$170,594,864	23,397	$93,882,012
1936	131,802	538,885,269	109,611	438,449,153	77,231	308,945,106
1937	137,631	589,468,385	108,738	447,519,716	102,076	424,372,999
1938	223,980	1,010,584,906	149,895	647,949,074	109,279	473,246,124
1939	247,502	1,123,792,380	170,112	737,153,887	153,747	669,416,154
1940	282,880	1,271,983,776	202,281	876,431,018	168,293	736,490,344
1941:						
January	18,773	85,993,000	12,501	54,728,000	18,112	78,785,200
February	21,943	99,704,620	11,893	52,115,800	14,145	61,328,800
March	30,040	138,231,180	17,050	75,516,100	14,196	61,637,250
April	32,488	150,884,295	19,744	88,113,950	13,920	60,303,500
May	31,741	147,478,327	21,251	94,875,250	14,746	65,276,850
June	28,896	135,522,775	22,400	100,213,900	17,187	74,809,200
July	28,129	133,843,088	21,452	96,922,200	18,486	81,530,699
August	25,287	120,234,205	20,181	91,034,000	15,827	70,226,600
September	23,826	112,175,999	20,462	92,2[illegible]4,750	16,465	73,083,300
October	20,764	97,414,757	18,555	83,014,875	19,098	85,289,850
November	15,572	72,601,065	12,633	55,952,750	17,174	76,920,175
December	13,740	64,229,664	12,115	53,692,860	19,443	87,515,960
Total	291,199	1,358,312,975	210,237	938,384,435	198,799	876,707,384
Section 203: cumulative	1,384,190	6,163,037,929	993,021	4,256,482,147	832,822	3,583,060,123
TITLE VI						
Section 603:						
1941:						
January	—	—	—	—	—	—
February	—	—	—	—	—	—
March						
April	5,109	18,196,600	1,209	4,292,100	—	—
May	7,837	28,922,600	7,088	24,690,650	—	—
June	7,372	27,402,900	6,293	22,749,250	68	229,750
July	5,290	19,238,850	4,705	17,325,200	132	436,350
August	4,666	16,729,550	4,609	16,103,150	164	559,550
September	4,064	14,922,055	3,591	12,731,950	357	1,143,000
October	4,278	16,567,902	3,318	11,932,790	679	2,190,100
November	4,873	19,137,125	4,041	14,846,000	1,034	3,578,050
December	5,128	18,996,050	5,939	21,742,250	1,344	5,294,450
Section 603: cumulative	48,617	180,113,632	40,793	146,413,340	3,778	13,431,250
Total	1,432,807	6,343,151,561	1,033,814	4,402,895,487	836,600	3,596,491,373

Activity of Lending Institutions

In line with the increased activity under the FHA program, all major categories of private lending institutions operating under the program originated an increased volume of FHA mortgages during 1941.

Under Title II, insurance companies and savings banks showed the sharpest increase in originations during the year, continuing a trend apparent in 1940 and 1939. Against an expansion of 6.9 percent over 1940 in the total dollar volume of gross mortgages accepted for insur-

MORTGAGES ORIGINATED, TRANSFERRED, AND HELD BY TYPE OF INSTITUTION
CUMULATIVE 1935 - 1941

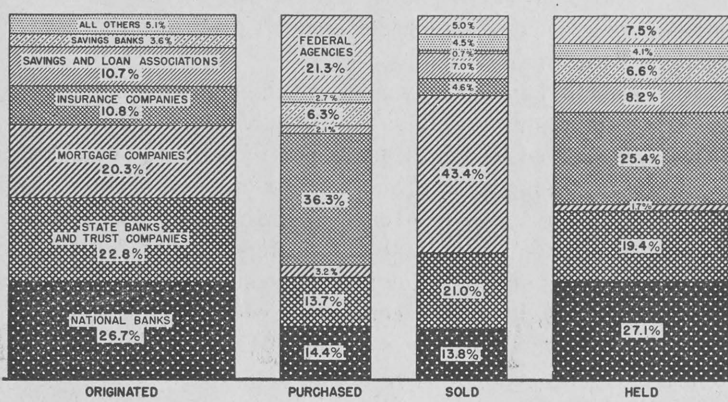

TABLE 7.—*Type of institution originating, transferring, and holding mortgages: Face amount of mortgages accepted for insurance and insured mortgages transferred (inclusive of resales) and held—cumulative 1935–1941*

[000 omitted]

Type of institution	Mortgages originated [1]		Mortgages purchased		Mortgages sold		Mortgages held in portfolio	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
National banks	$1,050,945	26.7	$226,269	14.8	$217,785	14.2	$842,702	27.1
State banks	895,056	22.8	215,865	14.1	330,967	21.6	602,403	19.4
Savings and loan associations	420,365	10.7	32,764	2.1	110,354	7.2	254,330	8.2
Mortgage companies	799,986	20.3	50,217	3.3	682,132	44.6	51,920	1.7
Insurance companies	424,275	10.8	570,487	37.3	71,823	4.7	789,446	25.4
Savings banks	142,678	3.6	98,679	6.4	10,543	.7	205,567	6.6
Federal agencies [2]	1,038	(3)	[4] 294,102	19.2	[4] 36,337	2.4	233,627	7.5
All others [5]	198,420	5.1	42,378	2.8	70,820	4.6	126,822	4.1
Total [6]	3,932,763	100.0	1,572,771	100.0	1,530,761	100.0	3,106,817	100.0

[1] Net mortgages accepted for insurance.
[2] Includes the RFC Mortgage Company, Federal National Mortgage Association, the Federal Deposit Insurance Corporation, and the U. S. Housing Corporation.
[3] Less than 0.05 percent.
[4] Excludes the transfer of 10,561 mortgages for $41,970,698 between the RFC Mortgage Company and the Federal National Mortgage Association, and 30 mortgages for $39,794 between the RFC Mortgage Company and the U. S. Housing Corporation. Figures are based upon FHA records of mortgage transfers.
[5] Includes investment companies, finance companies, endowed institutions, private and State benefit funds, etc.
[6] Net mortgages accepted for insurance include 65,367 firm commitments outstanding for the amount of $349,702,580 and premium paying mortgages exclude 81,121 mortgages for $359,188,225 on which insurance had been terminated as of Dec. 31, 1941; hence, mortgages accepted for insurance, minus sales and plus purchases, do not yield the total held in portfolio.

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ance under Title II, mortgages originated by insurance companies increased 12.1 percent over the preceding year while those originated by savings banks expanded 32.2 percent. Mortgage companies and savings and loan associations also expanded their originations at a somewhat sharper rate than was shown by total Title II volume.

Under Title VI, mortgage companies, insurance companies, and national banks played an important financial role, originating 29.7 percent, 20.2 percent, and 18.5 percent, respectively, of the total mortgages accepted for insurance. Savings and loan associations originated 9.9 percent of the total volume of Title VI mortgages accepted in 1941, compared with 8.9 percent of the total Title II home mortgages. National banks, state banks, and savings banks were proportionately less active under the Title VI program than under the Title II program during 1941.

An active secondary market was maintained during 1941 in home mortgages insured under Title II. Transfers of insured mortgages during the year amounted to $483,921,000, compared with $400,591,000 in 1940. There has been a steady year-to-year increase in such transfers since the start of mortgage insurance operations in 1935 and by the end of 1941 the cumulative volume of transfers represented 40 percent of the net mortgages accepted for insurance since 1935.

As in earlier years, insurance companies were the most active purchasers of Title II home mortgages during 1941, acquiring 41.1 percent of the total volume transferred. Federal agencies purchased 18.4 percent of the total volume transferred in 1941. Mortgage companies again were the largest sellers of Title II mortgages, accounting for 40.8 percent of the total sales during 1941. For the first time, Federal agencies were active sellers of Title II mortgages, their sales representing 9.6 percent of the total volume transferred in 1941.

TABLE 8.—*Type of institution originating mortgages: Gross face amount of 1- to 4-family home mortgages accepted for insurance by FHA under Titles II and VI, 1935–1941*

[000 omitted]

Type of institution	Dollar amount of gross mortgages originated under Title II							Title VI 1941
	1935 [1]	1936 [1]	1937	1938	1939	1940	1941	
National banks	$67,313	$109,188	$127,848	$191,665	$190,313	$214,934	$222,235	$27,111
State banks	56,671	109,914	113,647	154,368	159,813	180,886	191,102	18,502
Savings and loan associations	28,781	62,650	64,618	67,012	73,768	76,376	83,361	14,547
Mortgage companies	7,106	40,690	64,168	136,319	173,758	209,022	224,281	43,382
Insurance companies	12,517	25,348	50,316	53,744	77,511	110,468	123,811	29,612
Savings banks	4,067	16,048	11,925	14,669	28,228	34,762	45,954	3,044
Federal agencies [2]					32	955	263	
All others [3]	125	18,856	17,078	32,383	37,641	53,062	49,885	10,123
Total	176,580	382,694	449,600	650,160	741,064	880,465	940,892	146,321

[1] Mortgages originated in January 1936 are included in year 1935. The distributions for 1935 and 1936 are based on net totals.
[2] The RFC Mortgage Company and the U. S. Housing Corporation.
[3] Includes investment companies, finance companies, endowed institutions, private and State benefit funds, etc.

As the net result of the originations, purchases, sales, and terminations of Title II home mortgages, all major categories of lending institutions increased their holdings of such mortgages during 1941. At the year-end, insurance companies and savings banks held a larger percentage of the total volume of outstanding insured mortgages than at the end of 1940 while the percentage held by the other major classifications of institutions was slightly smaller than at the end of 1940.

Terminations, Foreclosures, and Delinquencies

On December 31, 1941, insurance was in force on 751,701 or 90.3 percent of the 832,822 home mortgages which had been insured under Title II as of that date. Of the 81,121 mortgages on which insurance had been terminated, 311 were matured loans, 286 had been found ineligible for insurance after the payment of the insurance premium, 20,441 had been refinanced with new insured mortgages, and 55,992 had been paid in full prior to maturity.

The remaining 4,091 terminations represent foreclosed mortgages. In 735 of these cases, the mortgagee elected to surrender claims for insurance and to retain title to the property, as is permitted under the terms of the National Housing Act. On the remaining 3,356

Table 9.—*Status of terminations, foreclosures, and delinquencies: Number and percentage distribution of total 1- to 4-family home mortgages insured by FHA under Title II,[1] cumulative 1935–1941*

Status or disposition	Mortgages		Percent of total
	Number	Percent	
Terminations:			
Matured mortgages	311	0. 38	0. 04
Prepaid mortgages, refinanced through new insured mortgages	20, 441	25. 20	2. 46
Mortgages prepaid in full	55, 992	69. 02	6. 72
Ineligible mortgages canceled	286	. 35	. 03
Properties retained by mortgagees after foreclosure	735	. 91	. 09
Properties transferred to FHA after foreclosure	3, 356	4. 14	. 40
Total terminations	81, 121	100. 00	9. 74
Mortgages in force	751, 701		90. 26
Total mortgages insured	832, 822		100. 00
Foreclosures:			
Subject to redemption or pending claim for insurance	578	12. 38	. 07
Properties retained by mortgagee	735	15. 74	. 09
Properties transferred to FHA	3, 356	71. 88	. 40
Total foreclosures	4, 669	100. 00	. 56
Mortgages insured minus foreclosures	828, 153		99. 44
Total mortgages insured	832, 822		100. 00
Delinquencies:			
Minor: reinstatement expected or indefinite	7, 210	76. 66	. 96
Serious: foreclosure imminent or started	1, 617	17. 19	. 21
Foreclosed properties held for redemption or pending claims against insurance	578	6. 15	. 08
Total delinquencies	9, 405	100. 00	1. 25
Mortgages in good standing	742, 296		98. 75
Total mortgages in force	751, 701		100. 00

[1] No terminations, foreclosures, or delinquencies were reported for mortgages insured under Title VI as of Dec. 31, 1941.

foreclosed cases, the mortgagee transferred title to the property to the FHA in exchange for debentures, pursuant to the terms of the insurance contracts.

In addition to these foreclosures, on December 31, 1941, there were 578 foreclosed mortgages secured by properties still held by the mortgagee subject to redemption by the mortgagor or with claims pending for insurance. A total of 4,669 insured mortgages had thus been foreclosed by the end of 1941, representing 0.56 percent of the total number of mortgages insured through that date.

The downtrend in delinquencies of Title II insured home mortgages which has been apparent since 1938, was extended to a marked degree during 1941. By December 31, 1941, only 1.25 percent of the total insured mortgages in force had been reported delinquent, as compared with with 1.88 percent at the end of 1940, 1.97 percent at the end of 1939, and 2.45 percent at the end of 1938. A mortgage is considered delinquent when the mortgagee reports the mortgagor past due on one monthly payment. Of the 9,405 mortgages reported delinquent through the end of 1941, a total of 76.66 percent represented minor delinquencies, 17.19 percent represented serious delinquencies on which foreclosure was considered imminent or had actually been started, and 6.15 percent represented foreclosed properties either held by the mortgagee subject to redemption or with claims filed for insurance.

Yearly Trend of Terminations, Foreclosures, and Delinquencies

Terminations of Title II insured home mortgages increased to 30,034 in 1941 from 22,829 in 1940, reflecting primarily an increase of 52.2 percent in the number of mortgages prepaid in full prior to maturity. Such prepayments represented 73.4 percent of the insured mortgages

TABLE 10.—*Trend of terminations, foreclosures, and serious delinquencies: Total 1- to 4-family home mortgages insured by FHA under Title II, cumulative 1935–1941*

Year	Terminations			Foreclosures			Serious delinquencies		
	Number for the year	Cumulative through end of year		Number for the year	Cumulative through end of year		Number for the year	Outstanding at end of year	
		Number	Percent of total insured		Number	Percent of total insured		Number	Percent insured mortgages in force
1935	95	95	0.41	2	2	0.01	([1])	([2])	----------
1936	1,362	1,457	1.45	30	32	.03	([1])	45	0.05
1937	5,065	6,522	3.22	218	250	.12	([1])	379	.19
1938	8,871	15,393	4.93	696	946	.30	[3] 655	861	.29
1939	12,865	28,258	6.07	1,149	2,095	.45	4,820	1,757	.40
1940	22,829	[4] 51,087	8.06	1,452	3,547	.56	5,436	1,906	.33
1941	30,034	[5] 81,121	9.70	1,122	4,669	.56	4,813	1,617	.21

[1] Data not available.
[2] Not reported.
[3] Data available for October, November, and December only.
[4] Includes 13,973 mortgages refinanced through FHA.
[5] Includes 20,441 mortgages refinanced through FHA.

terminated during 1941, while mortgages refinanced with a new insured mortgage represented 21.5 percent of the total terminations.

Foreclosures, on the other hand, declined 22.7 percent to 1,122 from 1,452 in 1940. Similarly, the number of seriously delinquent cases declined to 1,617 as of December 31, 1941, from 1,906 at the end of 1940 and 1,757 at the end of 1939. Such delinquencies represented only 0.21 percent of the insured mortgages in force at the year-end, compared with 0.33 percent at the end of 1940 and 0.40 percent at the end of 1939.

Trend of New and Existing Home Mortgages

The proportion of FHA mortgage insurance involving loans to finance new homes continued to expand during 1941, in reflection of the accelerated pace of new home building under the FHA program in war industry areas. The 210,302 new home mortgages accepted for insurance under Title II and Title VI represented 83.9 percent of the total mortgages accepted under the two titles during the year. By comparison, new home mortgages represented 80.3 percent of the total accepted in 1940, 72.7 percent in 1939, and 49.3 percent in 1937.

Under Title II alone, new home mortgages represented 80.8 percent of the total accepted in 1941. In reflection of the curtailment in nondefense construction, the proportion of Title II mortgages involving new homes was declining during the latter part of the year, representing 75.7 percent of the total in the final two months of 1941.

TABLE 11.—*Trend of new and existing home mortgages: Gross number and face amount of 1- to 4-family home mortgages accepted for FHA insurance under Titles II and VI, 1935–1941*

Month and year	Title II						Title VI	
	New homes [1]		Existing homes [1]		Total		Defense homes	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
1935	12,360	$60,248,256	29,787	$110,346,608	42,147	$170,594,864	--------	-----------
1936	45,562	212,279,801	64,049	226,169,352	109,611	438,449,153	--------	-----------
1937	53,552	248,948,357	55,111	200,651,725	108,663	449,600,082	--------	-----------
1938	97,645	450,962,208	52,057	199,197,893	149,702	650,160,101	--------	-----------
1939	123,731	561,956,702	46,491	179,108,062	170,222	741,064,764	--------	-----------
1940	162,333	721,462,431	39,918	159,002,448	202,251	880,464,879	--------	-----------
1941								
January	10,078	44,961,500	2,395	9,893,800	12,473	54,855,300	--------	-----------
February	9,580	42,699,500	2,334	9,747,750	11,914	52,447,250	--------	-----------
March	13,628	61,216,550	3,262	13,906,550	16,890	75,123,100	--------	-----------
April	15,663	71,093,350	4,077	17,287,650	19,740	88,381,000	--------	-----------
May	17,069	77,513,250	4,012	16,825,400	21,081	94,338,650	--------	-----------
June	18,649	84,670,250	3,893	16,527,750	22,542	101,198,000	[2] 14,375	[2] $50,580,850
July	17,902	82,011,150	2,673	11,411,350	20,575	93,422,500	4,534	16,626,250
August	17,462	79,842,850	3,487	14,850,850	20,949	94,693,700	4,740	16,838,900
September	16,105	73,822,250	3,824	16,325,750	19,929	90,148,000	3,658	13,161,750
October	14,317	65,094,100	4,243	18,383,500	18,560	83,477,600	3,329	12,180,100
November	9,859	44,558,700	3,137	13,200,750	12,996	57,759,450	4,068	15,055,950
December	9,339	42,139,550	3,016	12,908,000	12,355	55,047,550	5,947	21,877,000
Total, 1941	169,651	769,623,000	40,353	171,269,100	210,004	940,892,100	40,651	146,320,800

[1] For the months January 1935 through April 1936, net mortgages on homes accepted any time after completion of construction are included in this table as existing homes. Beginning with May 1936, gross mortgages on homes accepted within 12 months after completion of construction are included as new homes.

[2] Cumulative, April through June.

TABLE 12.—*State distribution of new and existing home mortgages: Net number and face amount of 1- to 4-family home mortgages accepted for insurance by FHA, cumulative 1935–1941*

Location of property	Title II						Title VI	
	New homes		Existing homes		Total		Defense homes	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Alabama	6, 170	$25, 166, 045	2, 387	$7, 719, 777	8, 557	$32, 885, 822	869	$2, 888, 100
Arizona	3, 289	12, 888, 567	1, 542	4, 729, 579	4, 831	17, 618, 146	5	17, 900
Arkansas	3, 470	12, 416, 670	1, 887	4, 958, 190	5, 357	17, 374, 860	164	556, 750
California	118, 903	520, 059, 496	46, 435	187, 073, 850	165, 338	707, 133, 346	8, 261	28, 145, 350
Colorado	5, 714	23, 557, 924	3, 746	11, 721, 694	9, 460	35, 279, 618	231	892, 550
Connecticut	6, 226	31, 367, 985	1, 779	8, 704, 410	8, 005	40, 072, 395	477	1, 908, 000
Delaware	1, 288	6, 379, 650	430	1, 859, 750	1, 718	8, 239, 400	391	1, 564, 000
District of Columbia	2, 011	11, 476, 950	536	3, 757, 550	2, 547	15, 234, 500	211	928, 450
Florida	20, 108	79, 725, 899	3, 240	11, 244, 502	23, 348	90, 970, 401	1, 111	4, 118, 450
Georgia	11, 177	44, 863, 102	3, 297	11, 462, 850	14, 474	56, 325, 952	1, 300	4, 206, 500
Idaho	2, 841	10, 324, 990	1, 473	4, 213, 815	4, 314	14, 538, 805	------	----------
Illinois	26, 961	152, 785, 520	27, 708	131, 117, 674	54, 669	283, 903, 194	434	1, 716, 400
Indiana	18, 847	85, 645, 978	15, 862	52, 489, 463	34, 709	138, 135, 441	1, 057	4, 178, 400
Iowa	5, 086	22, 106, 335	3, 301	10, 318, 564	8, 387	32, 424, 899	292	1, 110, 200
Kansas	7, 147	29, 539, 445	4, 739	12, 357, 222	11, 886	41, 896, 667	1, 444	5, 067, 150
Kentucky	5, 711	25, 796, 819	2, 003	8, 477, 892	7, 714	34, 274, 711	341	1, 288, 900
Louisiana	7, 521	30, 951, 775	1, 535	5, 608, 515	9, 056	36, 560, 290	791	2, 961, 550
Maine	902	3, 507, 050	1, 694	4, 544, 130	2, 596	8, 051, 180	106	392, 900
Maryland	11, 525	52, 889, 995	3, 640	14, 621, 640	15, 165	67, 511, 635	1, 016	3, 338, 750
Massachusetts	3, 346	16, 646, 510	2, 951	13, 999, 877	6, 297	30, 646, 387	34	135, 700
Michigan	53, 389	257, 805, 690	15, 673	62, 772, 085	69, 062	320, 577, 775	475	1, 813, 150
Minnesota	7, 673	34, 458, 930	4, 834	16, 528, 024	12, 507	50, 986, 954	110	416, 650
Mississippi	5, 030	16, 935, 413	1, 677	4, 516, 676	6, 707	21, 452, 089	224	610, 950
Missouri	13, 572	61, 614, 662	8, 523	31, 641, 635	22, 095	93, 256, 297	1, 275	4, 855, 050
Montana	1, 785	7, 358, 941	1, 197	3, 788, 600	2, 982	11, 147, 541	------	----------
Nebraska	2, 852	12, 511, 749	3, 005	9, 664, 570	5, 857	22, 176, 319	652	2, 339, 650
Nevada	938	4, 641, 850	417	1, 639, 205	1, 355	6, 281, 055	389	1, 514, 100
New Hampshire	485	2, 148, 050	1, 143	3, 896, 751	1, 628	6, 044, 801	14	56, 000
New Jersey	28, 451	143, 392, 233	15, 697	67, 592, 777	44, 148	210, 985, 010	1, 246	4, 765, 200
New Mexico	2, 554	9, 649, 350	501	1, 560, 025	3, 055	11, 209, 375	------	----------
New York	47, 449	243, 365, 412	8, 799	41, 668, 287	56, 248	285, 033, 699	790	3, 092, 850
North Carolina	8, 360	35, 692, 250	2, 311	8, 923, 439	10, 671	44, 615, 689	541	1, 749, 050
North Dakota	495	2, 039, 100	544	1, 426, 845	1, 039	3, 465, 945	------	----------
Ohio	23, 915	128, 048, 915	26, 207	109, 698, 660	50, 122	237, 747, 575	1, 635	6, 618, 350
Oklahoma	11, 546	46, 295, 580	3, 599	11, 959, 362	15, 145	58, 254, 942	325	1, 166, 900
Oregon	4, 536	17, 418, 150	3, 124	8, 938, 400	7, 660	26, 356, 550	422	1, 538, 150
Pennsylvania	31, 678	156, 222, 574	21, 916	78, 206, 242	53, 594	234, 428, 816	2, 715	10, 164, 050
Rhode Island	1, 996	9, 497, 930	1, 108	4, 606, 440	3, 104	14, 104, 370	38	142, 700
South Carolina	4, 883	19, 090, 884	1, 065	3, 776, 104	5, 948	22, 866, 988	386	1, 310, 750
South Dakota	1, 063	4, 229, 500	1, 486	3, 519, 480	2, 549	7, 748, 980	------	----------
Tennessee	11, 301	43, 025, 565	3, 851	13, 663, 344	15, 152	56, 688, 909	642	2, 069, 600
Texas	40, 913	159, 847, 199	4, 804	16, 355, 428	45, 717	176, 202, 627	3, 315	10, 777, 900
Utah	5, 176	21, 366, 420	2, 518	8, 128, 545	7, 694	29, 494, 965	156	575, 700
Vermont	588	2, 471, 550	1, 228	3, 768, 637	1, 816	6, 240, 187	86	323, 250
Virginia	12, 539	59, 008, 383	4, 062	16, 692, 316	16, 601	75, 700, 699	1, 471	6, 255, 100
Washington	11, 936	49, 082, 890	11, 479	34, 423, 975	23, 415	83, 506, 865	939	3, 398, 600
West Virginia	4, 521	21, 846, 200	2, 077	8, 208, 360	6, 598	30, 054, 560	165	639, 750
Wisconsin	7, 469	37, 264, 189	2, 836	12, 815, 105	10, 305	50, 079, 294	390	1, 509, 300
Wyoming	1, 993	7, 968, 760	2, 072	5, 610, 388	4, 065	13, 579, 148	------	----------
Alaska	271	1, 433, 500	150	497, 360	421	1, 930, 860	------	----------
Hawaii	1, 370	5, 797, 590	412	1, 553, 480	1, 782	7, 351, 070	4	11, 200
Puerto Rico	523	3, 201, 800	196	913, 300	719	4, 115. 100	------	----------
Total	619, 493	2, 822, 827. 914	288, 696	1, 109, 934, 789	908, 189	3, 932, 762, 703	36, 940	133, 129, 950

At the same time, the number of Title II mortgages involving existing homes increased slightly in 1941 over 1940 levels, thereby checking a down-trend which had been in force since 1936.

Characteristics of Insured Home Mortgages

In large degree, the basic characteristics of the home mortgages insured under Title II during 1941 continued the main trends apparent during recent years. These trends have involved a steady progress toward lower-cost housing, lower monthly financing costs for home purchase under the FHA plan, and a consequent broader use of

FHA home financing terms by families of modest income. The progress achieved in these directions reflects the basic attributes of the long-term, high-percentage amortized mortgages established by the National Housing Act.

The principal change in trend was a slight increase in the median property valuation of new single-family homes insured under Title II. The median valuation in 1941, including land and all other physical improvements, was $5,045, an increase of 0.3 percent over 1940. This increase was much smaller than the rise in many building costs during the year and thereby reflected the FHA's conservative valuation policies, which served to hold down the rise in sales prices, and the larger production of houses in the lower price ranges in response to war housing needs. Further reflection of the emphasis on construc-

TABLE 13.—*Yearly trend of characteristics of mortgages, homes, and borrowers: Median averages of new and existing home mortgages accepted for insurance by FHA under Title II, 1935–1941*

Year	New homes	Existing homes	New homes	Existing homes	New homes	Existing homes	New homes	Existing homes
Mortgages on 1- to 4-family homes	**Mortgage principal**		**Duration in years [1]**		**Loan as a percent of FHA value [2]**		**1 family as a percent of 1- to 4-family**	
1935	$4,412	$3,345	19.3	16.0	76.1	73.1	(3)	(3)
1936	[4] 4,333	[4] 3,413	[4] 19.3	[4] 15.9	78.0	74.9	[4] 95.4	[4] 92.7
1937	4,304	3,361	[4] 19.4	[4] 16.9	[4] 78.9	[4] 77.0	95.7	91.9
1938	4,484	3,437	20.8	15.9	85.7	77.2	97.6	92.5
1939	4,439	3,470	21.0	17.5	87.6	77.7	98.5	92.7
1940	4,297	3,615	25.0	20.0	88.3	78.4	99.0	92.7
1941	4,426	3,919	25.0	20.0	88.9	79.5	99.2	93.0
Single-family homes	**Property valuation [5]**		**Land valuation [6]**		**Number of rooms [7]**		**Percent with garages**	
1935	(3)	(3)	$1,129	(3)	(3)	(3)	(3)	(3)
1936	$5,625	$4,673	1,026	(3)	6.2	(3)	(3)	(3)
1937	5,467	4,705	913	(3)	5.9	(3)	80.5	(3)
1938	5,326	4,602	785	$1,010	5.7	6.4	80.0	87.3
1939	5,136	4,540	724	956	5.7	6.3	79.3	88.1
1940	5,028	4,600	662	948	5.6	6.3	75.6	87.2
1941	5,045	5,004	649	981	5.5	6.3	73.9	86.8
Buyers of single-family homes [4] [8]	**Borrower's annual family income**		**Net monthly payment [9]**		**Payment [9] as a percent of income**		**Property value as a proportion of income [5]**	
1935	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
1936	$2,766	$2,470	$32.88	$26.96	14.4	13.1	2.07	1.85
1937	2,716	2,485	31.68	27.95	14.7	13.4	2.11	1.84
1938	2,603	2,599	27.96	26.04	13.0	12.0	2.05	1.76
1939	2,471	2,501	26.79	24.92	13.2	12.0	2.09	1.78
1940	2,416	2,490	25.28	24.51	12.8	11.8	2.14	1.84
1941	2,250	2,473	24.38	25.05	13.2	12.1	2.19	1.88

[1] The maximum permissible term was increased from 20 years to 25 years on Feb. 3, 1938, for new home mortgages only.
[2] The maximum permissible ratio of loan to value was increased from 80 percent to 90 percent on Feb. 3, 1938, for new home mortgages only.
[3] Data not available.
[4] Computations based on premium-paying mortgages.
[5] Includes FHA valuation of house, all other physical improvements, and land.
[6] Figures reported are arithmetic means.
[7] Excludes bathrooms, toilet compartments, closets, halls, and similar spaces.
[8] Includes owner-occupant purchasers only; excludes operative builders, absentee landlords, and others.
[9] For 1936–41, includes interest and amortization of principal; for 1936 and 1937 includes also the monthly payment toward the FHA annual insurance premium and toward the mortgagee's optional annual service charge, if any.

tion in the lower price ranges was afforded by the continued trend toward a smaller number of rooms in the typical new FHA home, by increased construction of houses without garages, and by a further decline in the land valuation of a typical small home property.

The valuation of existing structures financed by FHA-insured loans showed a more marked upturn in response to the rising trend in residential real estate values. The median in 1941 was $5,004, an increase of 8.8 percent over 1940.

As a result of the larger production of new homes in the lower-price ranges, the typical monthly payment required to meet interest and amortization on Title II insured mortgages secured by new properties again declined during 1941, the median payment being $24.38, a decrease of 3.6 percent from 1940. This decline continued the trend apparent since 1936.

This trend has been a basic factor in the availability of the FHA financing plan for new homes to constantly broader income groups. Although total national income and the earnings of a majority of families have been increasing during the rearmament program, the $2,250 annual median income of families purchasing new homes financed by Title II insured mortgages in 1941 was the lowest since the start of the FHA program, was 6.9 percent lower than in 1940 and was 18.7 percent lower than in 1936. At the same time, the typical proportion of family income absorbed by payments for interest and amortization of principal on FHA-insured new home mortgages and the ratio of new home property valuation to family income have remained at conservative levels.

Mortgage Principal

In reflection of the increased valuation of typical properties and of broader use of the maximum percentage of valuation permitted under

TABLE 14.—*Amount of mortgage principal: New and existing 1- to 4-family home mortgages accepted for insurance by FHA under Titles II and VI, 1941*

Mortgage principal	Percentage distribution			Mortgage principal	Percentage cumulation		
	Title II mortgages on—		Title VI mortgages on defense homes		Title II mortgages on—		Title VI mortgages on defense homes
	New homes	Existing homes			New homes	Existing homes	
Less than $2,000	0.3	5.0	0.3	Less than $2,000	0.3	5.0	0.3
$2,000 to $2,999	7.9	21.5	15.3	Less than $3,000	8.2	26.5	15.6
$3,000 to $3,999	28.5	25.6	56.2	Less than $4,000	36.7	52.1	71.8
$4,000 to $4,999	31.3	21.4	26.3	Less than $5,000	68.0	73.5	98.1
$5,000 to $5,999	21.4	11.6	.5	Less than $6,000	89.4	85.1	98.6
$6,000 to $6,999	5.9	6.6	.4	Less than $7,000	95.3	91.7	99.0
$7,000 to $7,999	2.5	2.9	.1	Less than $8,000	97.8	94.6	99.1
$8,000 to $8,999	1.2	2.1	.1	Less than $9,000	99.0	96.7	99.2
$9,000 to $9,999	.3	1.0	.1	Less than $10,000	99.3	97.7	99.3
$10,000 to $11,999	.4	1.2	.7	Less than $12,000	99.7	98.9	100.0
$12,000 to $16,000	.3	1.1		All groups	100.0	100.0	100.0
Total	100.0	100.0	100.0	Median mortgage	$4,426	$3,919	$3,630
Average mortgage	$4,495	$4,205	$3,581				

TABLE 15.—*Gross monthly payment on homes secured by mortgages accepted for insurance by FHA under Title VI, April–December 1941*

Gross monthly payment [1]	Percentage distribution			Gross monthly payment [1]	Percentage cumulation		
	1-family homes	2- to 4-family homes	Total		1-family homes	2- to 4-family homes	Total
Less than $20.00	0.4		0.4	Less than $20	0.4		0.4
$20.00 to $24.99	3.8		3.7	Less than $25	4.2		4.1
$25.00 to $29.99	16.3	0.1	15.8	Less than $30	20.5	0.1	19.9
$30.00 to $34.99	33.5	.5	32.5	Less than $35	54.0	.6	52.4
$35.00 to $39.99	38.9	9.3	38.1	Less than $40	92.9	9.9	90.5
$40.00 to $44.99	7.0	3.0	6.9	Less than $45	99.9	12.9	97.4
$45.00 to $49.99	.1	15.4	.5	Less than $50	100.0	28.3	97.9
$50.00 to $54.99	([2])	7.7	.2	Less than $55	100.0	36.0	98.1
$55.00 to $59.99	([2])	18.5	.5	Less than $60	100.0	54.5	98.6
$60.00 to $64.99		4.0	.1	Less than $65	100.0	58.5	98.7
$65.00 to $69.99		3.1	.1	Less than $70	100.0	61.6	98.8
$70.00 to $74.99		2.4	.1	Less than $75	100.0	64.0	98.9
$75.00 to $79.99		2.6	.1	Less than $80	100.0	66.6	99.0
$80.00 to $84.99		2.7	.1	Less than $85	100.0	69.3	99.1
$85.00 to $89.99		2.8	.1	Less than $90	100.0	72.1	99.2
$90.00 to $94.99		15.2	.4	Less than $95	100.0	87.3	99.6
$95.00 to $99.99		5.7	.2	Less than $100	100.0	93.0	99.8
$100.00 or more		7.0	.2	All groups	100.0	100.0	100.0
Total	100.0	100.0	100.0				
Average payment	$33.39	$66.67	$34.31	Median payments	$34.41	$58.78	$34.62

[1] Includes amortization of principal, interest, FHA insurance premium, hazard insurance, taxes and special assessments, and ground rent and miscellaneous items if any.
[2] Less than 0.05 percent.

the National Housing Act, the median mortgage amount on new one- to four-family homes covered by FHA Title II insurance increased 3.0 percent over 1940 to $4,426, while the median mortgage amount on existing homes rose 8.4 percent to $3,919. The heaviest concentration of mortgages occurred in the range between $3,000 and $6,000, which accounted for 81.2 percent of the new home mortgages accepted for insurance under Title II during the year and for 58.6 percent of the existing home mortgages.

Under Title VI, with the maximum permissible mortgage amount on a single-family dwelling being $4,000, more than 7 out of 10 mortgages accepted for insurance in 1941 involved loans of less than this maximum figure, the heaviest concentration occurring between $3,000 and $4,000. Approximately one-fourth of the mortgages accepted were at the maximum amount for a single-family dwelling. Title VI mortgages of more than $5,000, which involved two-, three-, or four-family structures, represented 1.9 percent of the total number.

Property Valuation

The heaviest concentration of new home building under the FHA program in 1941 was in the valuation ranges between $3,000 and $6,000, including land and all improvements. More than 7 out of every 10 new home mortgages accepted for insurance under Title II involved properties valued within these limits while the new homes financed by Title VI loans were concentrated between $3,000 and $5,000 in valuation.

Under Title II, properties valued between $6,000 and $7,000 represented the only important volume of construction in excess of the $6,000 level, representing 16.0 percent of the total number accepted for insurance. New properties valued at more than $7,000 represented only 11.1 percent of the total number. Since the fall of 1941, construction of properties valued at more than $6,000 has been increasingly curtailed by reason of the inavailability of priorities assistance for houses selling above this level.

For existing homes financed by Title II mortgages in 1941, a total of 68.6 percent were valued at less than $6,000 while 25.8 percent were valued between $6,000 and $10,000.

Borrower's Annual Income

The largest group of home purchasers under the Title II program in 1941 were families with annual incomes of between $1,500 and $2,500. Families in this income status accounted for 57.9 percent of the new single-family homes financed by Title II insured mortgages and for 47.2 percent of the existing homes securing insured mortgages.

For new single-family home purchasers in the $1,500 to $1,999 in-

TABLE 16.—*Average characteristics by borrower's annual income: New and existing, single-family home mortgages insured by FHA under Title II, 1941*

Borrower's annual income [1]	Average				Ratio of—		Annual payment as a percent of—		Mortgage as a percent of valuation
	Borrower's annual income [1]	Mortgage principal	Property valuation [2]	Net monthly mortgage payment [3]	Property to annual income	Mortgage to annual income	Annual income	Mortgage	
				New home buyers					
Less than $1,000	$882	$2,162	$2,904	$12.99	3.29	2.45	17.7	7.2	74.4
$1,000 to $1,499	1,309	2,990	3,518	17.18	2.69	2.28	15.7	6.9	85.0
$1,500 to $1,999	1,741	3,657	4,247	20.97	2.44	2.10	14.5	6.9	86.1
$2,000 to $2,499	2,227	4,292	4,976	24.76	2.23	1.93	13.3	6.9	86.3
$2,500 to $2,999	2,690	4,731	5,507	27.78	2.05	1.76	12.4	7.0	85.9
$3,000 to $3,499	3,129	5,112	5,989	30.59	1.91	1.63	11.7	7.2	85.4
$3,500 to $3,999	3,671	5,535	6,506	33.84	1.77	1.51	11.1	7.3	85.1
$4,000 to $4,999	4,386	6,018	7,122	37.66	1.62	1.37	10.3	7.5	84.5
$5,000 to $6,999	5,636	6,816	8,327	43.66	1.48	1.21	9.3	7.7	81.9
$7,000 to $9,999	7,954	7,790	8,890	50.69	1.12	.98	7.6	7.8	87.6
$10,000 or more	14,051	9,006	11,461	58.48	.82	.64	5.0	7.8	78.6
All groups	2,515	4,412	5,153	25.98	2.05	1.75	12.4	7.1	85.6
				Existing home buyers					
Less than $1,000	$812	$1,817	$2,531	$13.12	3.12	2.24	19.4	8.7	71.8
$1,000 to $1,499	1,308	2,311	3,134	16.47	2.40	1.77	15.1	8.6	73.7
$1,500 to $1,999	1,742	2,827	3,765	20.04	2.16	1.62	13.8	8.5	75.1
$2,000 to $2,499	2,232	3,376	4,463	23.73	2.00	1.51	12.8	8.4	75.6
$2,500 to $2,999	2,687	3,879	5,072	27.34	1.89	1.44	12.2	8.5	76.5
$3,000 to $3,499	3,133	4,239	5,538	29.54	1.77	1.35	11.3	8.4	76.5
$3,500 to $3,999	3,670	4,740	6,208	32.47	1.69	1.29	10.6	8.2	76.4
$4,000 to $4,999	4,412	5,469	7,105	37.12	1.61	1.24	10.1	8.1	77.0
$5,000 to $6,999	5,730	6,532	8,465	43.92	1.48	1.14	9.2	8.1	77.2
$7,000 to $9,999	7,971	7,820	10,398	52.88	1.30	.98	8.0	8.1	75.2
$10,000 or more	13,680	9,900	13,435	72.56	.98	.72	6.4	8.8	73.7
All groups	3,011	3,995	5,262	27.84	1.75	1.33	11.1	8.4	75.9

[1] Includes family income of owner-occupant purchasers only; excludes operative builders, absentee landlords, and others.
[2] FHA valuation includes value of house, all other physical improvements and land.
[3] Includes interest and amortization of principal.

come brackets, the average annual family income was $1,741, the average valuation of the property acquired was $4,247, the average mortgage loan was $3,657, and the average net monthly mortgage payments for interest and amortization of principal was $20.97, or 14.5 percent of the family income. In the $2,000 to $2,499 income bracket, average family income was $2,227, the average property valuation was $4,976, the average mortgage loan was $4,292, and the average net monthly payment was $24.76 or 13.3 percent of income. Among existing home purchasers in the same income groups, the average property valuation and mortgage amount were considerably smaller but the average monthly mortgage payments were only slightly less than for the comparable new-home buyers because of the smaller monthly payments per $1,000 mortgage principal required by a 25-year new-home mortgage than by a 20-year existing home mortgage.

RENTAL HOUSING INSURANCE UNDER SECTION 207, TITLE II

INSURANCE of mortgages on rental housing projects under Section 207 of Title II during 1941 was again marked by sharply reduced volume in comparison with the peak activity attained in 1938 and 1939. Mortgages amounting to $13,005,000 were insured during the year on 27 projects which provided 3,580 dwelling units. In 1940, mortgages totaling $13,036,000 on 48 projects were insured under Section 207.

At the end of 1941, commitments were outstanding to insure mort-

TABLE 17.—*Status of rental housing mortgage insurance operations: Disposition of applications received, cumulative 1935–1941*

Status of operations	Rental housing projects		Release clause projects		Total	
	Number	Amount	Number	Amount	Number	Amount
In operation	241	$99,657,750	8	$874,300	249	$100,532,050
Under construction	23	11,511,000	6	1,442,141	29	12,953,141
Mortgages outstanding (face amount)[1]	264	111,168,750	14	2,316,441	278	113,485,191
Terminated	16	10,318,000	35	2,225,225	51	12,543,225
Acquired by FHA	11	9,804,000	2	118,100	13	9,922,100
Assigned to FHA	1	3,000,000			1	3,000,000
Acquired and reinsured	1	1,000,000			1	1,000,000
Total mortgages insured	293	135,290,750	51	4,659,766	344	139,950,516
Commitments outstanding	15	9,369,000			15	9,369,000
Net commitments issued	308	144,659,750	51	4,659,766	359	149,319,516
Commitments expired	178	61,808,300	25	3,759,100	203	65,567,400
Gross commitments issued	486	206,468,050	76	8,418,866	562	214,886,916
Rejections	694	616,652,894	89	11,174,790	783	627,827,684
Total cases processed	1,180	823,120,944	165	19,593,656	1,345	842,714,600
Cases in process in:						
Washington	3	1,236,000			3	1,236,000
Insuring offices	8	2,257,500			8	2,257,500
Total	11	3,493,500			11	3,493,500
Total applications received	1,191	826,614,444	165	19,593,656	1,356	846,208,100

[1] This amount has been amortized to the extent of $6,627,000 as of Dec. 31, 1941.

TABLE 18.—*Yearly trend of rental housing mortgages insured: Rental and release clause projects, 1935–1941*

Year	Rental housing projects		Release clause projects		Total	
	Number	Amount	Number	Amount	Number	Amount
1935	2	$2,355,000			2	$2,355,000
1936	4	2,101,000			4	2,101,000
1937	15	10,549,000			15	10,549,000
1938	91	44,460,050	26	$3,129,100	117	47,589,150
1939	106	49,784,700	25	1,555,925	131	51,340,625
1940	48	[1] 13,036,000		[2] −18,100	48	13,017,900
1941	[3] 27	[3] 13,005,000		[4] −7,159	27	12,997,841
Total	293	135,290,750	51	4,659,766	344	139,950,516
Cumulative:						
Sec. 207	235	130,638,650	3	1,529,000	238	132,167,650
Sec. 210	58	4,652,100	48	3,130,766	106	7,782,866

[1] Includes amendments increasing mortgage amount $555,000 for 9 projects insured prior to 1940.
[2] Represents net decrease effected by adjustments in 2 projects insured prior to 1940.
[3] Includes an increase of $860,000 in mortgage amounts for 3 projects insured prior to 1941.
[4] Represents net decrease effected by adjustment in 1 project insured prior to 1941.
Source: 501 T.

gages of $9,369,000 on 15 projects and cases involving mortgages of $3,493,500 on 11 projects were in process of examination.

Since the start of rental housing mortgage insurance operations in 1935, mortgages totaling $139,950,516 have been insured on 344 projects providing 36,784 dwelling units. Of these loans, 293 in amount of $135,290,750 covered rental housing projects while the remaining 51 in amount of $4,659,766 represented release-clause projects. Under the release-clause plan, a family may acquire title to the dwelling it is renting by refinancing the mortgage, thereby releasing the project from the rental housing mortgage lien.

Of the 344 projects of both types insured, 249 involving mortgages of $100,532,050 in original principal amount were in operation under

TABLE 19.—*State distribution of rental and release-clause projects: Family units and face amount of mortgages insured under sections 207 and 210 by FHA, cumulative 1935–41*

Location of property	Rental projects			Release-clause projects			Total		
	Number	Dwelling units	Mortgage amount	Number	Dwelling units	Mortgage amount	Number	Dwelling units	Mortgage amount
Alabama	3	295	$1,120,000	4	72	$253,700	7	367	$1,373,700
Arizona	2	65	194,000	—	—	—	2	65	194,000
Arkansas	1	199	320,000				1	199	320,000
California	13	2,033	6,463,700	1	53	200,000	14	2,086	6,663,700
Colorado	4	219	939,500	—	—	—	4	219	939,500
Connecticut	5	328	1,310,000				5	328	1,310,000
Delaware	2	179	740,000	—	—	—	2	179	740,000
District of Columbia	7	1,693	6,002,000	—	—	—	7	1,693	6,002,000
Florida	6	324	1,117,500				6	324	1,117,500
Georgia	6	396	1,416,000	—	—	—	6	396	1,416,000
Idaho	—	—	—	—	—	—	—	—	—
Illinois	9	1,465	6,510,400				9	1,465	6,510,400
Indiana	10	564	2,288,750	2	61	229,500	12	625	2,518,250
Iowa	1	136	550,000	—	—	—	1	136	550,000
Kansas	1	12	38,000	9	161	565,941	10	173	603,941
Kentucky	2	530	2,000,000	—	—	—	2	530	2,000,000
Louisiana	3	179	726,500	1	37	148,500	4	216	875,000
Maine									
Maryland	16	2,462	9,349,500	2	20	125,100	18	2,482	9,474,600
Massachusetts	2	233	383,000	—	—	—	2	233	383,000
Michigan	8	711	2,671,000	4	81	288,900	12	792	2,959,900

TABLE 19.—*State distribution of rental and release-clause projects: Family units and face amount of mortgages insured under sections 207 and 210 by FHA, cumulative 1935–41*—Continued

Location of property	Rental projects			Release-clause projects			Total		
	Number	Dwelling units	Mortgage amount	Number	Dwelling units	Mortgage amount	Number	Dwelling units	Mortgage amount
Minnesota	6	674	2,812,000	2	22	83,800	8	696	2,895,800
Mississippi	1	12	34,000	—	—	—	1	12	34,000
Missouri	14	1,227	5,346,000	4	53	242,300	18	1,280	5,588,300
Montana	—	—	—	—	—	—	—	—	—
Nebraska	—	—	—	—	—	—	—	—	—
Nevada	—	—	—	—	—	—	—	—	—
New Hampshire	—	—	—	—	—	—	—	—	—
New Jersey	18	2,286	8,243,500	3	30	130,500	21	2,316	8,374,000
New Mexico	—	—	—	—	—	—	—	—	—
New York	45	7,884	32,764,000	—	—	—	45	7,884	32,764,000
North Carolina	16	1,249	4,410,500	—	—	—	16	1,249	4,410,500
North Dakota	—	—	—	—	—	—	—	—	—
Ohio	4	526	2,320,000	—	—	—	4	526	2,320,000
Oklahoma	3	55	184,000	5	77	277,750	8	132	461,750
Oregon	2	134	518,000	—	—	—	2	134	518,000
Pennsylvania	18	1,623	6,676,000	3	433	1,529,000	21	2,056	8,205,000
Rhode Island	1	36	114,000	—	—	—	1	36	114,000
South Carolina	4	290	1,000,000	—	—	—	4	290	1,000,000
South Dakota	1	46	117,500	—	—	—	1	46	117,500
Tennessee	4	418	1,647,000	3	30	137,850	7	448	1,784,850
Texas	16	808	3,272,400	6	140	356,825	22	948	3,629,225
Utah	—	—	—	—	—	—	—	—	—
Vermont	—	—	—	—	—	—	—	—	—
Virginia	34	5,574	19,328,000	—	—	—	34	5,574	19,328,000
Washington	1	305	1,080,000	1	10	39,400	2	315	1,119,400
West Virginia	1	174	650,000	—	—	—	1	174	650,000
Wisconsin	3	150	634,000	1	10	50,700	4	160	684,700
Wyoming	—	—	—	—	—	—	—	—	—
Alaska	—	—	—	—	—	—	—	—	—
Hawaii	—	—	—	—	—	—	—	—	—
Total	293	35,494	135,290,750	51	1,290	4,659,766	344	36,784	139,950,516

FHA insurance at the end of 1941 while 29 projects involving insured mortgages of $12,953,141 were under construction at that date. Of the remaining 66 projects, FHA insurance had been terminated on 51, which included 32 cases involving prepayment of the insured mortgage in full. A total of 14 projects had been acquired by the FHA, and one had been assigned to the FHA.

PROPERTY IMPROVEMENT INSURANCE UNDER TITLE I

PROPERTY improvement loans insured under Title I of the National Housing Act during 1941 expanded slightly in both number and amount over 1940 and reached the highest levels since the inception of the FHA program. These loans thus performed an important function in maintaining existing dwellings and in restoring substandard dwellings to a habitable condition during a period of great need for increased dwelling accommodations in defense areas.

The increase over 1940 amounted to 3.8 percent in number of loans reported for insurance and to 2.2 percent in dollar volume of loans insured. These gains were established during the early part of the year, with the volume of loans reported for insurance in the first seven months of 1941 being 17.2 percent greater than in the corresponding months of 1940. In the last five months of 1941, the volume of loans reported for insurance declined 10.7 percent from 1940 levels.

During the latter period, regulations governing the maximum maturity of many types of installment loans and the minimum down payment required for purchases of certain types of consumers' durable goods were established by the Board of Governors of the Federal Reserve System, on the authority of an executive order signed by the President on August 9, 1941. Installment loans financing the remodeling or rehabilitation of dwellings designated as defense housing were exempted. These regulations applied to many types of loans eligible for insurance under Title I.

As described in Part I of this report, legislation approved on June 28, 1941, amended certain provisions governing the maximum amount and maximum maturity of loans eligible for insurance under Title I. In the case of class 1 loans, which are those for the purpose of financing the repair, alteration, or improvement of existing structures, the maximum insurable loan was increased to $5,000 and the maximum term was increased to five years and 32 days where the loan involved an existing dwelling designed or to be designed for more than one family. For all other types of class 1 loans, the maximum loan amount remains at $2,500 and the maximum term at three years and 32 days.

The amendments also increased the maximum insurable amount of class 2 and class 3 loans to $3,000 from $2,500. Class 2 loans are those financing the construction of nonresidential structures while class 3 loans finance new small home properties.

All applications for Title I loans are filed with the lending institu-

TABLE 20.—*Trend of property-improvement loans insured: Volume of class 1 and class 2 loans and of class 3 new small-home loans, 1934–1941*

Year and month	Property-improvement loans insured, class 1 and class 2		New small-home construction loans insured, class 3		Total	
	Number	Amount	Number	Amount	Number	Amount
1934	72, 658	$30, 450, 583	—	—	72, 658	$30, 450, 583
1935	635, 747	223, 620, 146	—	—	635, 747	223, 620, 146
1936	617, 697	246, 149, 913			617, 697	246, 149. 913
1937	124, 758	60, 382, 598	—	—	124, 758	60, 382, 598
1938	376, 480	160, 180, 943	5, 845	$12, 566, 365	382, 325	172, 747, 308
1939	502, 308	207, 719, 565	10, 783	25, 347, 784	513, 091	233. 067, 349
1940	653, 841	250, 948, 127	9, 107	25, 593, 238	662, 948	276, 541, 365
1941:						
January	53, 253	20, 386, 739	730	2, 003, 940	53, 983	22, 390, 679
February	50, 748	19, 468, 082	508	1, 394, 850	51, 256	20, 862, 932
March	42, 688	17, 283, 488	629	1, 676, 040	43, 317	18, 959, 528
April	26, 208	11, 024, 721	592	1, 607, 853	26, 800	12, 632, 574
May	53, 317	22, 476, 152	154	427, 102	53, 471	22, 903. 254
June [1]	63, 775	26, 378, 799	1, 365	3, 288, 851	65, 140	29, 667, 650
July	48, 929	20, 135, 192	1, 086	2, 809, 262	50, 015	22, 944, 454
August	47, 579	18, 370, 710	424	1, 125, 555	48, 003	19, 496, 265
September	78, 300	31, 282, 520	573	1, 551, 585	78, 873	32, 834, 105
October	93, 253	33, 773, 466	559	1, 535, 757	93, 812	35, 309, 223
November	70, 294	23, 991, 628	471	1, 360, 881	70, 765	25, 352. 509
December	51, 760	17, 513, 195	642	1, 849, 866	52, 402	19, 363, 061
Total	680, 104	262, 084, 692	7, 733	20, 631, 542	687, 837	282, 716, 234
Cumulative	3, 663, 593	1, 441, 536, 567	33, 468	84, 138, 929	3, 697, 061	1, 525, 675, 496

[1] Includes adjustments of $65,720 and 168 class 3 loans insured under the February 1938 amendment reported during the 6-month period January through June.

tions qualified for operation under Title I. The lending institution passes upon the credit rating of the loan applicants and carries full responsibility for conformity with the FHA's Title I regulations. In the case of class 3 loans, however, after approval of the borrower's credit rating by the lending institution, the loan application is submitted to the local FHA insuring office for analysis of the plans, specifications, and location of the property to determine conformity

TABLE 21.—*State distribution of property improvement loans insured and insurance claims paid: Number and face amount of class 1, 2, and 3 notes insured and insurance claims paid by FHA, cumulative 1934–1941*

State of property	All notes insured		Claims paid		Percentage distribution of amount		Amount of claims paid as a percent of notes insured	Average	
	Number	Amount	Number	Amount	Notes insured	Claims paid		Note insured	Claim paid
Alabama	42, 652	$14, 141. 720	1, 637	$360, 970	0. 9	1. 0	2. 55	$332	$221
Arizona	21, 765	10, 094, 323	853	257, 578	. 7	. 7	2. 55	464	302
Arkansas	28, 109	9, 905, 645	2, 068	437, 862	. 6	1. 2	4. 42	352	212
California	421, 723	189, 337, 578	15, 829	4, 957, 046	12. 4	13. 1	2. 62	449	313
Colorado	24, 696	10, 151, 151	676	153, 772	. 7	. 4	1. 51	411	227
Connecticut	59, 182	24, 904, 143	1, 723	504, 525	1. 6	1. 3	2. 03	421	293
Delaware	7, 922	3, 907, 484	252	96, 917	. 3	. 3	2. 48	493	385
District of Columbia	19, 708	9, 206, 260	503	145, 606	. 6	. 4	1. 58	467	289
Florida	70, 054	31, 113, 550	3, 609	1, 027, 015	2. 0	2. 7	3. 30	444	285
Georgia	53, 150	19. 074. 607	2, 382	547, 973	1. 3	1. 5	2. 87	359	230
Idaho	21, 897	8, 219, 822	790	197, 592	. 5	. 5	2. 40	375	250
Illinois	225, 833	87, 033, 260	5, 718	1, 412, 013	5. 7	3. 7	1. 62	385	247
Indiana	114, 075	37. 063. 145	3, 882	757, 163	2. 4	2. 0	2. 04	325	195
Iowa	47, 871	16, 647, 896	1, 265	308, 020	1. 1	. 8	1. 85	348	243
Kansas	31, 069	9, 891, 526	1, 001	220, 933	. 6	. 6	2. 23	318	221
Kentucky	39, 091	13, 847, 577	1, 517	373, 798	. 9	1. 0	2. 70	354	246
Louisiana	34, 977	12, 027, 783	1, 713	287, 464	. 8	. 8	2. 39	344	168
Maine	12, 356	4, 898, 997	372	111, 254	. 3	. 3	2. 27	396	299
Maryland	58, 874	25, 585, 656	1, 684	448, 732	1. 7	1. 2	1. 75	435	266
Massachusetts	125, 204	49, 614, 326	4, 637	1, 303, 526	3. 3	3. 5	2. 63	396	281
Michigan	239, 700	85, 743, 426	9, 206	1, 742, 591	5. 6	4. 6	2. 03	358	189
Minnesota	77, 448	28, 581, 299	1, 521	413, 059	1. 9	1. 1	1. 45	369	272
Mississippi	27, 171	11, 220, 945	1, 474	357, 769	. 7	. 9	3. 19	413	243
Missouri	102, 495	32, 297, 767	4, 454	942, 076	2. 1	2. 5	2. 92	315	212
Montana	11, 640	5, 776, 469	250	84, 864	. 4	. 2	1. 47	496	339
Nebraska	22, 208	7. 723. 818	705	162, 097	. 5	. 4	2. 10	348	230
Nevada	5, 811	3, 102, 311	127	49, 515	. 2	. 1	1. 60	534	390
New Hampshire	11, 937	4, 870. 079	529	146, 381	. 3	. 4	3. 01	408	277
New Jersey	198, 059	91, 633, 662	12, 731	3, 179, 204	6. 0	8. 4	3. 47	463	250
New Mexico	7, 371	3, 613, 755	293	87, 501	. 2	. 2	2. 42	490	299
New York	486, 743	262. 503, 612	23, 465	7, 760, 828	17. 2	20. 5	2. 96	539	331
North Carolina	35, 690	13, 116. 215	1, 471	312, 784	. 9	. 8	2. 38	368	213
North Dakota	6, 832	3. 069, 393	179	41, 507	. 2	. 1	1. 35	449	232
Ohio	169, 959	59, 707, 633	4, 364	1, 077, 260	3. 9	2. 9	1. 80	351	247
Oklahoma	45, 680	15, 884, 732	1, 982	402, 800	1. 0	1. 1	2. 54	348	203
Oregon	48, 771	18, 562, 912	1, 780	443, 382	1. 2	1. 2	2. 39	381	249
Pennsylvania	218, 290	89, 263, 074	8, 652	2, 146, 906	5. 9	5. 7	2. 41	409	248
Rhode Island	25, 136	10, 930, 625	879	266, 582	. 7	. 7	2. 44	435	303
South Carolina	19, 687	7, 669, 093	1, 186	237, 883	. 5	. 6	3. 10	390	201
South Dakota	6, 809	2, 789, 714	170	50, 401	. 2	. 1	1. 81	410	296
Tennessee	58, 700	19, 740, 940	1, 895	435, 885	1. 3	1. 2	2. 21	336	230
Texas	140, 677	52, 853, 656	5, 816	1, 277, 978	3. 5	3. 4	2. 42	376	220
Utah	23, 461	8, 123, 615	626	140, 442	. 5	. 4	1. 73	346	224
Vermont	5, 831	2, 554, 447	287	94, 625	. 2	. 3	3. 70	438	330
Virginia	45, 054	24, 501, 618	1, 356	392, 224	1. 6	1. 0	1. 60	544	289
Washington	103, 722	38, 933, 401	4, 348	993, 499	2. 6	2. 6	2. 55	375	228
West Virginia	16, 535	7, 004, 691	544	157, 979	. 5	. 4	2. 26	424	290
Wisconsin	60, 874	24, 013, 846	1, 445	413, 761	1. 6	1. 1	1. 72	394	286
Wyoming	5, 301	2, 657, 833	128	46, 816	. 2	. 1	1. 76	501	366
Alaska	353	365, 162	18	5, 272	([1])	([1])	1. 44	1, 034	293
Hawaii	849	484, 478	6	2, 879	([1])	([1])	. 59	571	480
Puerto Rico	20	18, 980			([1])			949	
Canal Zone	3	4, 067			([1])			1, 356	
Total	[2] 3,697, 061	[2] 1,525,675,496	143, 998	37, 776, 509	100. 0	100. 0	2. 48	413	262

[1] Less than 0.05 percent.

[2] Total includes adjustments of +8,036 notes and −$308,221 resulting from cancelations, refinancing, and corrections of property improvement notes insured.

with the FHA's minimum construction requirements and property standards. All new small homes financed by class 3 loans are thus subject to compliance inspections as are those financed by loans insured under Section 203 or under Title VI.

Class 1 and class 2 loans reported for insurance during 1941 increased 4.0 percent in number and 4.4 percent in amount as compared with 1940. The typically small size of these loans is illustrated by the fact that the average loan in 1941 was $385. Class 3 loans insured during 1941 decreased 15.1 percent in number and 19.4 percent in amount from 1940 levels.

Activity of Lenders and Insurance Claims Paid

Under the June 1939 amendments to the National Housing Act a premium charge was established for Title I insurance, which previously was available without charge to the participating lending institutions. By the end of 1941, the number of lending institutions financing Title I loans on a premium basis had increased to 3,228, as compared with 3,045 by the end of 1940 and with 2,488 by the end of 1939.

On a cumulative basis, national banks and finance companies have been the most active lenders of Title I funds among the principal categories of lending institutions. During 1941, these two groups again expanded their share of the total Title I loans insured since the start of the program in 1934.

Under Title I, lending institutions are insured against losses of up to 10 percent of the aggregate amount of Title I loans made by each lending institution. By December 31, 1941, the Administrator had

CLAIMS PAID AS PERCENT OF NOTES INSURED FOR EACH TYPE OF INSTITUTION 1934 - 1941

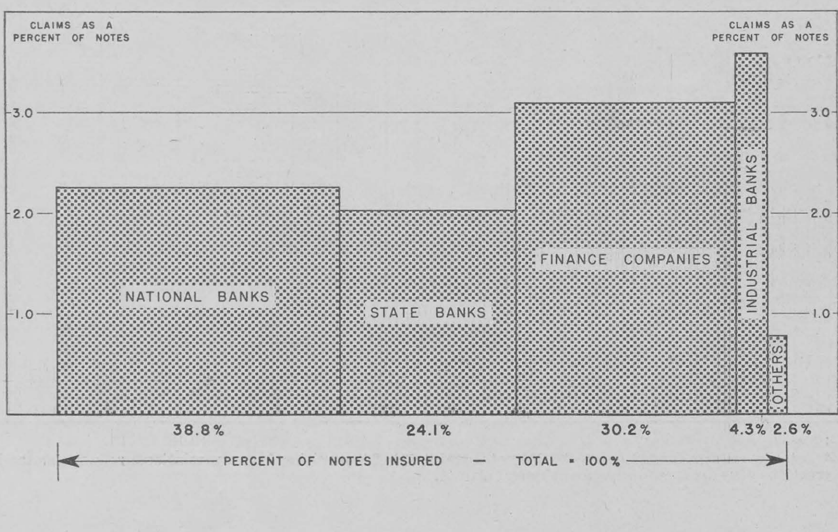

TABLE 22.—*Type of institution originating property improvement loans and receiving claim payments: Number and face amount of notes insured and insurance claims paid by FHA, cumulative 1934–1941*

Type of institution	Notes insured		Claims paid		Percentage distribution of amount		Claims paid as a percent of notes insured	Average	
	Number	Amount	Number	Amount	Notes insured	Claims paid		Note insured	Claim paid
National banks	1,355,477	$591,952,788	48,537	$13,371,537	38.8	35.4	2.26	$437	$275
State banks	826,056	367,927,099	27,181	7,459,592	24.1	19.8	2.03	445	274
Finance companies	1,297,219	459,831,933	55,483	14,272,870	30.2	37.8	3.10	354	257
Industrial banks	164,090	65,652,606	11,810	2,356,255	4.3	6.2	3.59	400	200
Savings and loan associations	22,112	14,237,611	367	139,627	.9	.3	.98	644	380
Savings banks	22,994	9,459,793	509	145,457	.6	.4	1.54	411	286
All others [1]	9,113	16,613,666	111	31,171	1.1	.1	.19	1,823	281
Total	3,697,061	1,525,675,496	143,998	37,776,509	100.0	100.0	2.48	413	262

[1] Includes insurance companies, mortgage companies, production credit associations, Federal agencies, and credit unions.

TABLE 23.—*Type of property and of improvement financed: Property improvement loans insured by FHA, 1941*

Major type of improvement [1]	Type of property improved						
	Single-family dwellings	Multi-family dwellings	Commercial and industrial	Farm homes and buildings	Other	Total [2]	Percent of total
	Number	*Number*	*Number*	*Number*	*Number*	*Number*	*Number*
New residential construction	7,468		2		10	7,480	1.1
New non-residential construction	11	6	1,608	3,573	13,251	18,449	2.7
Additions and alterations	68,462	11,188	5,926	3,987	2,399	91,962	13.4
Exterior painting	103,404	13,601	1,270	3,890	1,128	123,293	18.0
Interior finish	35,556	8,171	1,855	616	713	46,911	6.8
Roofing	80,278	8,191	1,381	5,534	1,039	96,423	14.1
Plumbing	50,305	9,172	1,548	3,570	792	65,387	9.5
Heating	132,535	21,583	5,748	4,854	2,124	166,844	24.3
Miscellaneous	46,115	5,613	10,408	5,097	2,034	69,267	10.1
Total	524,134	77,525	29,746	31,121	23,490	686,016	100.0
Percent of total	76.4	11.3	4.3	4.6	3.4	100.0	
	Amount	*Amount*	*Amount*	*Amount*	*Amount*	*Amount*	*Average amount*
New residential construction	$20,514,963		$857	[4] −$393	$5,748	$20,521,175	[3] $2,743
New non-residential construction	2,564	$6,873	2,182,298	1,934,280	5,108,790	9,234,805	501
Additions and alterations	30,909,862	9,335,952	7,166,749	2,190,589	1,748,861	51,352,013	558
Exterior painting	41,996,094	7,269,472	935,712	1,714,776	678,170	52,594,224	427
Interior finish	12,185,976	4,838,726	1,734,497	261,146	515,720	19,536,065	416
Roofing	19,117,918	2,268,054	607,426	1,383,135	351,063	23,727,596	246
Plumbing	16,155,559	6,025,537	1,128,788	1,402,080	522,455	25,234,419	386
Heating	40,988,827	10,497,078	3,800,953	1,533,345	1,257,561	58,077,764	348
Miscellaneous	12,209,973	2,966,384	4,006,194	1,993,124	1,192,596	22,368,271	323
Total	194,081,736	43,208,076	21,563,474	12,412,082	11,380,964	282,646,332	412
Average amount	370	557	725	399	485	412	

[1] Type of improvement to which major portion of the loan proceeds was devoted.
[2] Excludes adjustments of 1,821 loans amounting to $69,902 for canceled, corrected and refinanced notes reported under the provisions of the original act and expired and repealed amendments.
[3] Includes finance charges and any fees permitted by the regulations of the Administrator.
[4] Negative insurance volume results from cancelations, refinancing, and corrections of notes, insured prior to 1941.

paid claims of $37,776,509 on 143,998 defaulted Title I notes. The claims paid represented 2.48 percent of the total dollar volume of Title I loans insured through that date. Collections on the defaulted notes acquired through payment of insurance claims had totaled $13,428,405 by December 31, 1941. These collections consisted of $8,828,723 in cash and $4,599,682 in credits on repossessed properties transferred to the Procurement Division of the Treasury Department or to other Government agencies. The unrecovered balance on December 31, 1941, was thus $24,348,104 or 1.60 percent of the total dollar volume of loans insured through that date.

Type of Improvement Financed

As in previous years, the installation of heating equipment or repairs to heating equipment represented the leading type of improvement financed by loans insured under Title I during 1941. Loans for this purpose accounted for 24.3 percent of the total number of loans insured and for 20.5 percent of the aggregate dollar amount insured. In comparison with 1940, however, loans for heating equipment and repairs showed a decline of 11.8 percent in number. The major increases over 1940 levels occurred in loans to finance additions and alterations, exterior painting, interior finish, roofing or roofing repairs, and plumbing installations or repairs. The number of loans for these purposes increased 9.4 percent over the preceding year. In all cases, other repairs may have been financed by the loan proceeds in addition to the major purpose of the loan reported by lending institutions.

Part IV

ACCOUNTS AND FINANCE

SINCE July 1, 1940, all administrative expenses of the Federal Housing Administration have been met by allocation from income of the various insurance funds on the basis of the costs of operating each title and section of the Act. Authority for the use of moneys in the insurance funds to meet administrative expenses is contained in Sections 2 (f), 205 (b), 207 (f) and Section 602 of the National Housing Act.

Estimates of administrative expenses, Title I insurance claims to be paid, and expected income and expense of the Title I, Mutual Mortgage Insurance, Housing Insurance and Defense Housing Insurance Funds are submitted annually to Congress through the Bureau of the Budget and appropriations are made by Congress for administrative expenses and Title I insurance claims.

While appropriation acts specify the amounts which are to be allocated for administrative expenses from each of the insurance funds, the Commissioner is authorized within the aggregate limitation to charge each such fund with its proper proportion, as determined in accordance with sound accounting practices, of the total administrative expenses without regard to the particular allocations included in the appropriation acts.

Administrative expenses of record through December 31, 1941, for the fiscal year ended June 30, 1941, including the purchase of furniture and equipment and the increase in the supplies inventory, amounted to $13,430,410. As the result of an analysis of these costs it has been determined that $1,300,426 is chargeable to Title I operations; $10,871,246 to the insurance of small homes under Title II, Sections 203; $797,635 to rental and group housing projects insured under Title II, Sections 207–210; and $461,103 to the insurance of defense housing authorized under Title VI pursuant to the amendment of the National Housing Act of March 28, 1941.

The appropriations for administrative expenses for the current fiscal year, July 1, 1941, to June 30, 1942, is $14,754,453 to be derived from income in the insurance funds as follows: $1,275,000 from Title I; $10,847,100 from Title II, Section 203; $750,000 from Title II, Section 207–210; and $1,882,353 from Title VI, Defense Housing. As the result of cost analyses made by the Administration, adjustments will be made at the end of the fiscal year to charge each of the insurance funds with its proper proportionate share of the expenses.

The total income from fees, insurance premiums, and interest on investments received from Titles I, II, and VI through December 31, 1941, is set forth in Statement 1.

A combined statement of the resources and liabilities of all funds of the Federal Housing Administration as of December 31, 1940, June 30, 1941, and December 31, 1941, is presented in Statement 2.

TITLE I: REPAIR LOAN INSURANCE

Upon payment of insurance losses on loans insured under Title I, the notes and other claims against the borrowers become the property of the FHA and are turned over to the Liquidation Section of the Title I Operations Division for collection, salvage, or other disposition. The repossession of personal property is handled by the Procurement

STATEMENT 1.—*Income from fees, insurance premiums and interest on investments under Titles I, II, and VI by calendar years, 1934–1941*

	Examination and special fees	Initial premiums	Renewal premiums	Prepayment premiums	Income on investments	Total
Title I:						
1939	$34,750	$1,268,064				$1,302,814
1940	146,363	4,251,135	$20,844			4,418,342
1941	128,270	4,959,945	99,881			5,188,096
Total	309,383	10,479,144	120,725			10,909,252
Title II, Sec. 203:						
1934					$113,423	113,423
1935	763,654	424,843	54,082	$523	284,962	1,528,064
1936	1,662,068	1,541,664	544,865	27,938	333,896	4,110,431
1937	1,777,320	2,112,038	1,952,844	148,211	497,373	6,487,786
1938	3,150,015	2,058,703	3,382,523	240,691	562,451	9,394,383
1939	3,617,173	2,622,316	5,123,529	416,116	596,640	12,375,774
1940	4,360,609	3,601,555	6,919,909	614,281	659,795	16,156,149
1941	4,887,262	4,310,312	9,455,651	981,488	751,423	20,386,136
Total	20,218,101	16,671,431	27,433,403	2,429,248	3,799,963	70,552,146
Title II, Sec. 207–210:						
1935		11,775				11,775
1936		9,800	11,775			21,575
1937	555	53,250	23,718			77,523
1938	319,506	219,254	69,850		19,456	628,066
1939	139,232	259,184	296,805	1,700	35,907	732,828
1940	23,446	64,030	502,807	31,914	44,387	666,584
1941	38,860	60,606	456,929	13,350	47,717	617,462
Total	521,599	677,899	1,361,884	46,964	147,467	2,755,813
Title VI: 1941	511,432	97,277		130	77,418	686,257
Total	511,432	97,277		130	77,418	686,257
Total income:						
1934					113,423	113,423
1935	763,654	436,618	54,082	523	284,962	1,539,839
1936	1,662,068	1,551,464	556,640	27,938	333,896	4,132,006
1937	1,777,875	2,165,288	1,976,562	148,211	497,373	6,565,309
1938	3,469,521	2,277,957	3,452,373	240,691	581,907	10,022,449
1939	3,791,155	4,149,564	5,420,334	417,816	632,547	14,411,416
1940	4,530,418	7,916,720	7,443,560	646,195	704,182	21,241,075
1941	5,565,824	9,428,140	10,012,461	994,968	876,558	26,877,951
Total	21,560,515	27,925,751	28,916,012	2,476,342	4,024,848	84,903,468

Division of the Treasury upon the request of the Commissioner, whereas the acquisition of title to real property is effected through the facilities of the FHA. Repossessed personal property may be either sold on the market or transferred to other Government agencies if it meets their needs. Real properties under Title I, upon acquisition of title by the Commissioner, are placed in the hands of the Property Management Section of the Mortgage Insurance Division, by whom they are managed and sold in the same manner as the small homes acquired under Title II of the Act.

Prior to June 28, 1941, all cash recoveries on notes and proceeds from the sale of repossessed properties were deposited to the credit of the General Fund of the Treasury. The amendment to the National Housing Act of June 28, 1941, provided that all moneys derived from the sale, collection, disposition, or compromise of any evidence of debt, contract, claim, property, or security assigned to or held by the Commissioner under Title I with respect to insurance granted on and

STATEMENT 2.—*Combined statement of resources and liabilities under all funds at December 1940, June 1941, and December 1941*

	Dec. 31, 1940	June 30, 1941	Dec. 31, 1941
RESOURCES			
Cash (exclusive of insurance funds)	$3, 403, 813. 74	$4, 105, 639. 23	$5, 975, 196. 73
Accounts receivable	4, 248. 83	12, 691. 96	34, 420. 02
Available funds—Reconstruction Finance Corporation (renovation and modernization fund for Title I insurance claims)	69, 359, 693. 75	133, 359, 693. 75	129, 359, 693. 75
Inventory of stores	59, 945. 81	60, 525. 90	113, 612. 51
Real property—Title I		123, 173. 57	106, 039. 73
Mortgage notes on sales of Title I properties		11, 022. 65	57, 681. 75
Notes receivable (claims for insurance paid under Title I):			
On loans insured prior to Feb. 3, 1938, amendment	7, 995, 455. 47	7, 146, 384. 50	6, 272. 412. 55
On loans insured under Feb. 3, 1938, amendment	5, 787, 373. 31	6, 161, 436. 14	5, 939, 384. 43
On loans insured under June 3, 1939, amendment	1, 708, 330. 36	4, 096, 572. 17	6, 264, 729. 26
Furniture and equipment	1, 068, 972. 02	1, 146, 337. 35	1, 168, 612. 40
Mutual mortgage insurance fund (net)	30, 824, 198. 86	34, 350, 549. 12	38, 616, 821. 80
Housing insurance fund (net)	2, 163, 379. 44	1, 487, 915. 98	1, 356, 563. 75
Title I insurance fund (net)	3, 150, 902. 50	2, 393, 986. 01	4, 572, 466. 60
Defense housing insurance fund (net)		4, 831, 314. 38	5, 295, 702. 33
Total resources	125, 526, 314. 09	199, 287, 242. 71	205, 133, 337. 61
LIABILITIES			
Accounts payable, administrative expenses, prior fiscal years	52, 174. 84	33, 060. 08	54, 889. 29
Accounts payable, administrative expenses, current fiscal year	357, 840. 04	505, 681. 73	478, 713. 06
Title I claims in audit	378, 327. 26	684, 110. 91	720, 243. 20
Special deposits	12, 796. 29	11, 593. 56	11, 912. 18
Trust fund receipts, Title I	527, 388. 62	620, 907. 53	1, 669, 262. 66
Miscellaneous receipts in process of deposit	865. 85	355. 88	128. 19
Unexpended appropriations and allocations:			
Administrative expenses and miscellaneous	1, 969, 140. 53	2, 189, 299. 63	2, 420, 521. 17
Renovation and modernization, Title I	109, 529. 14	73, 321. 87	653, 947. 00
Title I reserve	69, 359, 693. 75	133, 359, 693. 75	129, 359, 693. 75
Total liabilities	72, 767, 756. 32	137, 478, 024. 94	135, 369, 310. 50
EXCESS OF RESOURCES OVER LIABILITIES			
Administrative expense fund	1, 128, 917. 83	1, 206, 863. 25	1, 282, 224. 91
Renovation and modernization fund	15, 491, 159. 14	17, 538, 589. 03	18, 640, 247. 72
Mutual mortgage insurance fund	30, 824, 198. 86	34, 350, 549. 12	38, 616, 821. 80
Housing insurance fund	2, 163, 379. 44	1, 487, 915. 98	1, 356, 563. 75
Title I insurance fund	3, 150, 902. 50	2, 393, 986. 01	4, 572, 466. 60
Defense housing insurance fund		4, 831, 314. 38	5, 295, 702. 33
Total excess of resources over liabilities	52, 758, 557. 77	61, 809, 217. 77	69, 764, 027. 11

after July 1, 1939, shall be deposited, with the Title I fees and premiums, in an account in the Treasury of the United States, which account shall be available for defraying the operating expenses of the FHA under Title I, and any amounts in such account which are not needed for such purposes may be used for the payment of Title I claims. From June 28, 1941, to December 31, 1941, recoveries in the amount of $333,491 on notes insured on and after July 1, 1939, were deposited to the Title I insurance fund for future use in defraying administrative expenses and paying Title I claims.

When defaulted notes are paid in full, effort is made to collect the interest which has accrued thereon. If the loan was insured prior to July 1, 1939, such interest items are deposited to the credit of the General Fund of the Treasury and if the insurance was granted on and after July 1, 1939, to the Title I Insurance Fund of the FHA.

Statement 3 summarizes the notes insured, claims paid, and recoveries by calendar year.

Reserves

The maximum insurance liability which the Commissioner may incur under Title I is stipulated in Section 2 (a) of the National Housing Act as amended March 28, 1941, as follows:

> * * * In no case shall the insurance granted by the Administrator under this section to any such financial institution on loans, advances of credit, and purchases made by such financial institution for such purposes on and after July 1, 1939, exceed 10 per centum of the total amount of such loans, advances of credit, and purchases. The total liability which may be outstanding at any time plus the amount of claims paid in respect of all insurance heretofore and hereafter granted under this section and section 6, as amended, less the amount collected from insurance premiums and other sources and deposited in the Treasury of the United States under the provisions of subsection (f) of this section, shall not exceed in the aggregate $165,000,000.

STATEMENT 3.—*Summary of Title I notes insured, claims for insurance paid, and recoveries on defaulted notes purchased under the original and amended acts by calendar year, 1934–1941*

Year	Notes insured	Claims for insurance paid	Recoveries on defaulted notes purchased			
			Total	Cash receipts		Equipment and real property repossessed
				On notes	On sales of repossessed equipment	
1934	$30,450,583					
1935	223,620,146	$447,448	$9,916	$9,916		
1936	246,149,913	5,884,885	946,912	272,694	$20,513	$653,705
1937	60,382,598	6,890,897	2,602,355	913,758	28,537	1,660,060
1938	172,747,308	6,016,307	2,673,660	1,489,044	63,373	1,121,243
1939	233,067,349	4,728,345	2,286,693	1,919,524	22,429	344,740
1940	276,541,365	6,543,568	2,031,687	1,888,681	13,859	129,147
1941	282,716,233	7,265,059	2,587,938	2,335,107	11,853	240,978
Total	1,525,675,495	37,776,509	13,139,161	8,828,724	160,564	[1] 4,149,873

[1] Equipment and real property repossessed does not include unrecovered balances on sales and property destroyed by Treasury but does include real property at the unpaid balance on date of acquisition less any loss on sale.

A constant check of the estimated outstanding balances is maintained by the Administration and a verification thereof is secured annually through the call report from all qualified Title I lending institutions. A calculation of the Administration's estimated liability under each reserve is made monthly and by this means it has been determined that the insurance liability has been well within the legal limitation at all times.

Statement 4 shows the insurance reserves under Title I established, released, and remaining available for further insuring operations after December 31, 1941. After releasing the excess reserves, there remained a total unallocated amount available for use as reserves of $67,630,323. It is estimated that this sum, augmented by further releases from liability as earlier insured notes mature and supplemented by receipts of insurance premiums, will be adequate to meet the expected volume of insurance under the amendment of June 28, 1941.

The Title I Insurance Fund was established on July 1, 1939, under authority granted in the amendment to the Act of June 3, 1939. This fund has been credited with all Title I approval fees and insurance charges authorized to be collected on insurance granted on and after July 1, 1939. In addition, the fund has been credited since June 28, 1941, with all cash recoveries on claims paid under the terms of insurance granted on and after July 1, 1939, under authority granted in the amendment to the Act of June 28, 1941.

Statements 5 and 6 set forth the resources and liabilities of the Title

STATEMENT 4.—*Insurance reserves under Title I authorized, established, released, and remaining unallocated at Dec. 31, 1941, as provided under secs. 2 and 6, National Housing Act*

Item	Gross reserves established	Reserves released	Charges against liability limitation as at Dec. 31, 1941			Summation
			Outstanding contingent liability	Claims paid	Total	
Basic liability limitation established by Congress						$165,000,000
Insurance reserves:						
Sec. 2:						
20 percent, original act	$66,331,512	$50,613,948	$195,825	$15,521,739	$15,717,564	
10 percent, amended Apr. 3, 1936	17,257,660	9,587,589	1,096,087	6,573,984	7,670,071	
10 percent, amended Feb. 3, 1938	27,303,070		18,772,307	8,530,763	27,303,070	
10 percent, amended June 3, 1939	56,971,077		49,870,093	7,100,984	56,971,077	
Sec. 6:						
20 percent, amended Apr. 22, 1937	297,304		253,839	43,465	297,304	
10 percent, amended Apr. 17, 1936	11,913	1,453	4,886	5,574	10,460	
Total	168,172,536	60,202,990	70,193,037	37,776,509	107,969,546	
Insurance premium charges received (deduct)					10,599,869	
Net charges against liability limitation					97,369,677	97,369,677
Total unallocated amount available for use as reserves						67,630,323

STATEMENT 5.—*Resources and liabilities of the Title I insurance fund at December 1940, June 1941, and December 1941*

	Dec. 31, 1940	June 30, 1941	Dec. 31, 1941
Resources:			
Cash	$3,160,990.16	$2,401,900.83	$4,581,460.94
Accounts receivable	74.59	77.61	76.89
Total resources	3,161,064.75	2,401,978.44	4,581,537.83
Liabilities: Unliquidated obligations on acquired properties	10,162.25	7,992.43	9,071.23
Excess of resources over liabilities	3,150,902.50	2,393,986.01	4,572,466.60

STATEMENT 6.—*Analysis of changes in the Title I insurance fund through December 1940, June 1941, and December 1941*

	Dec. 31, 1940	June 30, 1941	Dec. 31, 1941
Income and accretions:			
Premiums	$5,540,043.01	$7,899,170.95	$10,599,869.10
Approval fees	181,112.85	242,017.05	309,383.45
Recoveries on claims paid under insurance granted on and after July 1, 1939			333,491.49
Total income and accretions	5,721,155.86	8,141,188.00	11,242,744.04
Transfers and expenditures:			
Transfer to appropriation, administrative expenses	2,050,000.00	2,052,560.00	2,952,560.00
Transfer to appropriation for payment of claims	500,000.00	3,651,393.00	3,651,393.00
Expenses on repossessed properties	20,253.36	43,248.99	66,324.44
Total, transfers and expenditures	2,570,253.36	5,747,201.99	6,670,277.44
Excess of income and accretions over transfers and expenditures	3,150,902.50	2,393,986.01	4,572,466.60

STATEMENT 7.—*Resources and liabilities of the Mutual Mortgage Insurance Fund at December 1940, June 1941, and December 1941*

	Dec. 31, 1940	June 30, 1941	Dec. 31, 1941
Resources:			
Cash on deposit with Treasurer of United States	$5,808,260.07	$6,763,441.81	$4,517,625.03
Accrued income receivable:			
Rent and other income on real property	6,828.70	7,428.46	6,771.34
Interest on Treasury bonds	146,381.59	160,759.58	214,161.57
Interest on mortgage notes	4,082.80	5,547.55	4,638.64
United States Treasury bonds	24,671,314.11	26,928,960.46	33,886,295.12
Prepaid expenses	3,399.69	7,508.12	2,171.41
Stock in rental housing corporations (donated prior to Feb. 3, 1938), 440 shares [1]			
Mortgage notes and contracts for deed on sold properties	4,674,155.44	6,952,967.59	9,193,867.30
Real property at cost (debentures plus cash adjustments)	3,538,409.80	3,083,940.51	1,889,606.90
Total resources	38,852,832.20	43,910,554.08	49,715,137.31
Liabilities:			
Cash adjustments on debentures authorized	2,002.77	2,290.25	1,557.61
Accrued interest on debentures	101,150.12	123,905.51	156,587.41
Unliquidated obligations:			
On real properties	71,461.69	94,847.78	77,394.70
On certificates of claim and refunds to mortgagors	74,012.33	113,138.79	242,727.51
Mortgagors' escrow deposits	66,100.71	104,879.68	148,669.20
Earnest money on pending sales	24,770.70	32,513.07	57,552.04
Debentures payable:			
Outstanding	6,571,755.28	8,074,955.28	8,663,205.28
Authorized	382,250.00	444,350.00	264,750.00
Claims in audit	735,129.74	569,124.60	1,485,871.76
Total liabilities	8,028,633.34	9,560,004.96	11,098,315.51
Excess of resources over liabilities	30,824,198.86	34,350,549.12	38,616,821.80
Contingent liability for certificates of claim on properties on hand	278,230.23	245,275.58	156,146.28

[1] As at Dec. 31, 1940, and June 30, 1941, the fund held 1,440 shares of donated stock.

I Insurance Fund and analyze the changes in the fund from its inception, July 1, 1939, through December 31, 1940, June 30, 1941, and December 31, 1941.

TITLE II: MUTUAL MORTGAGE INSURANCE ACCOUNTS

All insurance contracts on small home and farm mortgages under Section 203 of the Act are executed in the field and forwarded to Washington where they are reviewed to determine their compliance with regulations and recorded in the accounts.

All moneys received from fees and insurance premiums are deposited with the Treasurer of the United States to the credit of the Mutual Mortgage Insurance Fund. All such income is identified with its individual mortgage and allocated to the group account to which the mortgage has been assigned.

Fees and insurance premiums received on rental housing projects insured under Section 207 prior to the amendment of February 3, 1938, are deposited in the Mutual Mortgage Insurance Fund, and those received on Section 207 or 210 insurance granted under regulations after February 3, 1938 are deposited to the Housing Insurance Fund.

Statements 7 and 8 show the resources and liabilities of the Mutual Mortgage Insurance Fund at December 31, 1940, June 30, 1941, and December 31, 1941, and analyze all changes in the fund from its establishment, June 27, 1934, to December 31, 1940, for the calendar year 1941, and cumulative through December 31, 1941.

Statement 8.—*Analysis of changes in the Mutual Mortgage Insurance Fund through December 1940 and December 1941*

	June 27, 1934, to Dec. 31, 1940	Jan. 1, 1941, to Dec. 31, 1941	June 27, 1934, to Dec. 31, 1941
Income and accretions:			
Appropriation allocated from Reconstruction Finance Corporation	$10,000,000.00		$10,000,000.00
Fees and mortgage insurance premiums (net) (*see* statement 1)	47,387,597.39	$19,665,652.88	67,053,250.27
Interest on U. S. Treasury bonds after deduction of premium amortization	3,048,538.66	751,423.42	3,799,962.08
Interest earned—General Reinsurance account		221,840.74	221,840.74
Income on mortgage notes (net) (unallocated)	193,555.33	[1] −188,916.69	4,638.64
Dividends on rental housing stock	151.00		151.00
Miscellaneous	30.72	99.93	130.65
Total income and accretions	60,629,873.10	20,450,100.28	81,079,973.38
Transfers and expenditures:			
Transfers to Housing Insurance Fund	1,000,000.00		1,000,000.00
Transfers to appropriation, administrative expenses	27,425,000.00	11,927,880.47	39,352,880.47
Net charges to fund on account of sold properties	985,074.26	764,692.82	1,749,767.08
Net charges on unsold acquired properties	291,789.48	[2] −108,620.81	183,168.67
Interest on debentures in excess of amount applicable to properties	103,809.67	73,524.86	177,334.53
Miscellaneous	.83		.83
Total transfers and expenditures	29,805,674.24	12,657,477.34	42,463,151.58
Excess of income and accretions over transfers and expenditures	30,824,198.86	7,792,622.94	38,616,821.80

[1] Minus figure resulted from allocation during 1941 of mortgage note interest to accounts of sold cases.
[2] Minus figure caused by reduction in number of properties on hand during year from 698 at December 31, 1940, to 396 at December 31, 1941.

Debentures and Certificates of Claim

UNDER the terms of insurance, when an insured home mortgage is foreclosed and the property transferred to the Federal Housing Administration, the insured institution is entitled to receive Mutual Mortgage Insurance Fund debentures in an amount equal to the value of the mortgage as defined in the Act, and a certificate of claim covering all amounts due under the mortgage which are not covered by the debentures, including necessary expenses incurred in foreclosing the mortgage and conveying the property.

Debentures are dated as of the date foreclosure proceedings were instituted and bear interest from that date. On mortgages insured prior to February 3, 1938, mortgagees may elect to accept debentures bearing interest at 3 percent without tax exemption. On mortgages insured under regulations in effect after February 3, 1938, 2¾ percent debentures only are issued. Two and three-quarters percent debentures issued in exchange for properties insured prior to March 1, 1941, contain certain tax exemption provisions but in accordance with the terms of the Public Debt Act of 1941 those issued in exchange for properties insured on and after March 1, 1941, will not contain the tax exemption provisions.

Under an arrangement between the Commissioner of the Federal Housing Administration and the Secretary of the Treasury, the issuance and redemption of debentures and the payment of interest thereon is handled by the Division of Loans and Currency, Treasury Department. Under this procedure, debentures are registered and treated in the same manner as other obligations of the United States, thus affording the Administration the additional advantage of an interdepartmental check and control over its debenture obligations.

The 3 percent debentures, which may be issued only in connection with the mortgages insured prior to February 3, 1938, are not subject to call. However, the Commissioner has arranged with the Secretary of the Treasury to retire such debentures in those cases where the holders desire and the Commissioner of the Federal Housing Administration approves. All 2¾ percent debentures contain a provision for their redemption at par plus accrued interest on any interest date upon three months' notice.

Cash in the Mutual Mortgage Insurance Fund which is not needed for current obligations is either invested in Treasury bonds or used to redeem debentures, whichever is considered to be in the best interest of the fund. By arrangement with the Secretary of the Treasury the following calls for debentures have been made:

Call	Date	Amount	Call	Date	Amount
First	July 1, 1939	$681,300	Fifth	July 1, 1941	$1,631,400
Second	Jan. 1, 1940	780,800	Sixth	Jan. 1, 1942	1,570,700
Third	July 1, 1940	1,206,050			
Fourth	Jan. 1, 1941	1,386,250	Total		7,256,500

Properties Acquired and Sold

THROUGH December 31, 1941, title to 3,355 small homes had been acquired by the Administration under the terms of insurance, for which debentures and cash adjustments had been issued in the total amount of $16,504,110 (including debentures authorized but not yet issued and claims for debentures in audit). By December 31, 1941, 2,959 of these properties had been sold at an estimated charge to the Mutual Mortgage Insurance Fund of $1,749,767, or an average of $591 per case. In addition, one Section 207 rental housing project insured under the Mutual Mortgage Insurance Fund, was acquired and sold during 1941 with no loss to the fund.

An analysis of the Section 203 foreclosed properties sold by the Federal Housing Administration and those on hand at December 31, 1941, by year of acquisition, is furnished in Statement 9.

STATEMENT 9.—*Turn-over of properties acquired under sec. 203 of Title II contracts of insurance by years, cumulative through December 1941* [1]

Properties acquired		Properties sold by years					Properties on hand Dec. 31, 1941
Year	Number	1936–37	1938	1939	1940	1941	
1936	13	11	2	----------	----------	----------	0
1937	98	13	67	7	5	6	0
1938	324	----------	139	99	[2] 50	28	8
1939	753	----------	----------	278	[3] 331	110	34
1940	1,123	----------	----------	----------	[4] 611	448	64
1941	1,044	----------	----------	----------	----------	754	290
Total	3,355	24	208	384	997	1,346	396

1 For the 2,959 properties sold, the average time between acquisition by the Federal Housing Administration and the date of sale was less than 6 months.
2 After deduction of 2 repossessed properties.
3 After deduction of 4 repossessed properties.
4 After deduction of 2 repossessed properties.

Individual accounts are maintained for each foreclosed property acquired, showing all income and expenses chargeable thereto. If the property is sold for cash, the account is audited as soon as all expenses have been paid, and in those cases where payment is due on certificate of claim and/or for refund to mortgagor, settlement is made promptly. If the proceeds are insufficient to make payment, the mortgagee is advised of the cancellation of the certificate of claim. Where a mortgage note or contract for deed is accepted on the sale of a property, settlement on the certificate of claim and refund to mortgagor are made when cash has been received in full payment of the mortgage.

Statement 10 sets forth the results of the sale of properties acquired under the Mutual Mortgage Insurance Fund as at December 31, 1941, and is supported by Statement 11 showing the cost of properties remaining on hand and properties sold.

STATEMENT 10.—*Statement of sale of acquired properties, Mutual Mortgage Insurance Fund through December 1941*

Expenses and charges to Mutual Mortgage Insurance Fund	Total properties sold—MMI fund (2,960)	Sec. 207 property sold (1)	Sec. 203 properties sold (2,959)
Gross proceeds of sales [1]	$14,670,553	$1,000,000	$13,670,553
Selling expenses:			
Sales allowances and selling expenses	10,238		10,238
Commissions on sales	630,959		630,959
Total	641,197		641,197
Net proceeds of sale	14,029,356	1,000,000	13,029,356
Cost of properties sold (Statement 11)	15,521,030	991,301	14,529,729
Net loss or gain	1,491,674	[2] −8,699	1,500,373
Certificates of claim (estimated)	198,692	8,699	189,993
Increment on certificates of claim (estimated)	4,296		4,296
Refunds to mortgagors (estimated)	55,105		55,105
Loss to Mutual Mortgage Insurance Fund (estimated)	1,749,767		1,749,767
Average loss to Mutual Mortgage Insurance Fund (estimated)	591		591

[1] Analysis of terms of sale:

Terms of sale	Number	Cash	Mortgage notes	Sales price
Properties sold for all cash	360	$2,817,219		$2,817,219
Properties sold for cash and notes [a]	2,585	1,402,388	$10,390,340	11,792,728
Properties sold for notes only [a]	17		60,606	60,606
Total	[b] 2,962	4,219,607	10,450,946	14,670,553

[a] Average percentage of cash down payments ($1,402,388) to sales price where mortgage note is taken ($11,853,334); 11.83 percent.

[b] Mortgage note accepted on sale of portion of 1 property and cash on sale of portion of another property carried as on hand.

[2] Minus figure indicates gain before administrative expense adjustment.

STATEMENT 11.—*Cost analysis of properties on hand and sold, Mutual Mortgage Insurance Fund, as at Dec. 31, 1941*

Item	Properties on hand (396) Dec. 31, 1941	Properties sold			
		Total MMI Fund	Sec. 207 property (1)	Sec. 203 properties (2,959)	
				Amount	Percent of total cost
Acquisition costs:					
Debentures and cash adjustments	$1,889,607	$14,614,504	$968,816	$13,645,688	93.92
Interest on debentures prior to acquisition	34,023	301,776	18,908	282,868	1.95
Taxes, water rent, and other expenses accrued at date of acquisition (net)	4,833	42,912	5,221	37,691	.24
Total cost at date of acquisition	1,928,463	14,959,192	992,945	13,966,247	96.11
Expense after acquisition:					
Interest on debentures	44,417	523,938		523,938	3.61
Additions and improvements	7,070	13,747		13,747	.10
Taxes, water rent, hazard insurance, and other expense	47,779	211,186		211,186	1.45
Repairs and maintenance	89,205	469,502		469,502	3.23
Selling expense on properties on hand	1,108				
Total	189,579	1,218,373		1,218,373	8.39

STATEMENT 11.—*Cost analysis of properties on hand and sold, Mutual Mortgage Insurance Fund, as at Dec. 31, 1941*—Continued

Item	Properties on hand (396) Dec. 31, 1941	Properties sold			
		Total MMI Fund	Sec. 207 property	Sec. 203 properties (2,959)	
				Amount	Percent of total cost
Less:					
Rental and other income (net)	45, 266	163, 953	1, 644	162, 309	1. 11
Mortgage note interest income	----------	492, 582	----------	492, 582	3. 39
Total	45, 266	656, 535	1, 644	654, 891	4. 50
Net operating cost or income after acquisition	144, 313	561, 838	[1] −1, 644	563, 482	3. 89
Total cost of properties	2, 072, 776	15, 521, 030	991, 301	14, 529, 729	100. 00

[1] Minus figure indicates income.

HOUSING INSURANCE FUND: SECTIONS 207 AND 210

Rental and group housing projects insured under regulations after February 3, 1938, are carried in the Housing Insurance Fund. Fees,

STATEMENT 12.—*Resources and liabilities of the Housing Insurance Fund at December 1940, June 1941, and December 1941*

	Dec. 31, 1940	June 30, 1941	Dec. 31, 1941
Resources:			
Cash on deposit with Treasurer of United States	$529, 731. 29	$732, 688. 16	$514, 825. 73
Accrued income receivable:			
Rent and other income on real property	3, 784. 13	2, 382. 00	25. 00
Interest on Treasury bonds	8, 656. 54	7, 804. 61	7, 804. 59
Interest on mortgage notes and contracts for deed	----------	4, 764. 44	21, 101. 29
Prepaid expenses	18, 996. 55	59, 591. 17	43, 068. 78
U. S. Treasury bonds (amortized)	1, 743, 176. 06	945, 940. 69	945, 479. 63
Stock in rental housing corporations:			
Purchased (14,168 shares)[1]	14, 130. 00	15, 430. 00	15, 035. 00
Donated (1,080 shares)	----------	----------	----------
Mortgage notes and contracts for deed on sold properties	18, 523. 44	41, 732. 66	2, 229, 028. 27
Mortgage note acquired under terms of insurance	2, 989, 981. 25	2, 989, 981. 25	2, 989, 981. 25
Real property at cost (debentures plus cash adjustments)	6, 353, 478. 38	7, 485, 478. 37	7, 752, 283. 55
Total resources	11, 680, 457. 64	12, 285, 793. 35	14, 518, 633. 09
Liabilities:			
Cash adjustments on debentures authorized	----------	40. 87	----------
Accrued interest on debentures	87, 639. 05	159, 016. 65	176, 282. 07
Unliquidated obligations:			
Unpaid subscriptions for stock in rental housing corporations	700. 00	1, 000. 00	300. 00
Real property expense	64, 563. 70	96, 010. 75	44, 972. 03
Certificates of claim	----------	----------	1, 442. 38
Mortgagors' escrow deposits	444. 20	20, 611. 85	22, 841. 23
Earnest money on pending sales	----------	----------	10, 100. 00
Debentures payable:			
Outstanding	6, 373, 750. 00	9, 304, 000. 00	12, 843, 700. 00
Authorized	----------	332, 900. 00	----------
Claims in audit	2, 930, 181. 62	824, 497. 62	----------
Reserve for foreclosure cost	59, 799. 63	59, 799. 63	59, 799. 63
Reserve for undisbursed proceeds of fire damage	----------	----------	2, 632. 00
Total liabilities	9, 517, 078. 20	10, 797, 877. 37	13, 162, 069. 34
Excess of resources over liabilities	2, 163, 379. 44	1, 487, 915. 98	1, 356, 563. 75
Contingent liability for certificates of claim on properties on hand	181, 734. 64	179, 478. 16	191, 087. 97

[1] As at Dec. 31, 1940, there were 13,593 shares of purchased stock and at June 30, 1941, 14,803 shares.

insurance premiums, interest on investments and income from projects acquired under the terms of insurance are credited to the Fund, and expenses in connection with acquired projects and general expenses of operating the Federal Housing Administration under Sections 207 and 210 are charged against the fund.

The resources and liabilities of the Housing Insurance Fund as at December 31, 1940, June 30, 1941, and December 31, 1941, are set forth in Statement 12. Statement 13 analyzes the changes in the fund from its inception, February 3, 1938, to December 31, 1940, for the year 1941, and cumulative through December 31, 1941.

STATEMENT 13.—*Analysis of changes in the Housing Insurance Fund through December 1940 and December 1941*

	Feb. 3, 1938, to Dec. 31, 1940	Jan. 1, 1941, to Dec. 31, 1941	Total to Dec. 31, 1941
Income and accretions:			
Appropriation allocated from M. M. I. Fund	$1,000,000.00		$1,000,000.00
Fees and mortgage insurance premiums (net)	1,768,474.26	$538,804.19	2,307,278.45
Interest income on U. S. Treasury bonds after deduction of premium amortization	99,439.25	47,078.04	146,517.29
Income on mortgage notes unallocated	185.78	−185.78	
Dividends on rental housing stock	30.50	38.10	68.60
Total income and accretions	2,868,129.79	585,734.55	3,453,864.34
Transfers and expenditures:			
Transfer to appropriation, administrative expenses	400,000.00	1,200,000.00	1,600,000.00
Net charges to fund on sold properties	1,657.04	5,308.58	6,965.62
Net expenses to date on property still on hand	303,093.31	187,079.73	490,173.04
Debenture interest unallocated		161.93	161.93
Total transfers and expenditures	704,750.35	1,392,550.24	2,097,300.59
Excess of income and accretions over transfers and expenditures	2,163,379.44	−806,815.69	1,356,563.75

Debentures and Certificates of Claim

Debentures and certificates of claim of the Housing Insurance Fund are handled in the same manner as those of the Mutual Mortgage Insurance Fund. All debentures under the Housing Insurance Fund bear interest at 2¾ percent from the date foreclosure proceedings were instituted. Those issued in exchange for projects insured prior to March 1, 1941, contain certain tax exemption provisions and those issued on projects insured on and after March 1, 1941, are without tax exemption.

Properties Acquired and Sold

OF THE 324 Sections 207 and 210 rental housing projects insured under the Housing Insurance Fund, one mortgage note and 13 rental housing projects had been acquired by the Federal Housing Administration through December 31, 1941. In exchange for these assets, Housing Insurance Fund debentures and cash adjustments had been issued in the total amount of $12,844,018. (Of the 20 Section 207 projects insured under the Mutual Mortgage Insurance Fund prior to the establishment on February 3, 1938 of the Housing Insurance

Fund, one project had been acquired and sold for cash with no loss to that fund.)

At December 31, 1941, three of the projects acquired under the Housing Insurance Fund, with a book value (debentures and cash

STATEMENT 14.—*Statement of sale of acquired projects, Housing Insurance Fund, through December 1941*

Expenses and charges to Housing Insurance Fund	Total projects sold [3]
Gross proceeds of sales [1]	$2,241,561
Commissions on sales	2,350
Net proceeds of sales	2,239,211
Cost of properties sold (Statement 15)	2,244,734
Net loss (estimated)	5,523
Certificates of claim payable (estimated)	1,443
Loss to Housing Insurance Fund (estimated)	6,966

[1] Analysis of terms of sales:

Terms of sale	Number	Cash	Mortgage notes	Contract for deed	Sales price
Projects sold for all cash [a]	1	$6,332			$6,332
Projects sold for cash and mortgage notes	1	4,900	$42,100		47,000
Projects sold for cash and contracts for deed	1	499		$1,172,348	1,172,847
Projects sold for contract of deed only	1			1,015,382	1,015,382
Total	4	11,731	42,100	2,187,730	2,241,561

[a] Cash received on sale of 1 unit of a 7-unit project, remainder of project carried as "on hand."

STATEMENT 15.—*Cost analysis of properties on hand and sold, Housing Insurance Fund, as at Dec. 31, 1941*

Item	Projects on hand (11) Dec. 31, 1941 [1]	Properties sold (3)	
		Amount	Percent to total cost
Acquisition costs:			
Debentures and cash adjustments	$10,682,465.17	$2,161,552.65	96.29
Interest on debentures prior to acquisition	42,894.05	79,456.46	3.55
Taxes and insurance prior to acquisition	23,171.23	27.53	
Total cost at date of acquisition	10,748,530.45	2,241,036.64	99.84
Expenditures after acquisition:			
Interest on debentures	398,792.13	21,082.52	.94
Additions and improvements	156,248.45		
Equipment	29,888.63		
Taxes and insurance	258,714.27	1,119.84	.05
Operating costs	202,519.84		
Maintenance and repairs	209,205.94	1,497.20	.06
Administrative expenses	61,531.16		
Rental expenses	88,834.61		
Miscellaneous	197.94		
Total	1,405,932.97	23,699.56	1.05
Less:			
Rental and other income	887,142.47	17.74	
Mortgage note income	94,682.74	19,984.53	.89
Total	981,825.21	20,002.27	.89
Net operating cost after acquisition	424,107.76	3,697.29	.16
Total cost of properties	11,172,638.21	2,244,733.93	100.00

[1] Of the 11 projects on hand, 1 unit of a 7-unit project has been sold.

adjustments) of $2,161,553 had been sold with a resulting charge to the Fund of $6,966. A statement of the sales of defaulted rental housing projects by the Administration through December 31, 1941, is given in Statement 14, supported by Statement 15 showing the cost of projects sold and projects remaining on hand.

TITLE VI: DEFENSE HOUSING INSURANCE ACCOUNTS

THE amendment to the National Housing Act of March 28, 1941, created the Defense Housing Insurance Fund to carry out the provisions of Title VI in providing insurance on defense housing units. The amendment directed that the Reconstruction Finance Corporation make available for this purpose to the Commissioner of the Federal Housing Administration such funds as he may deem necessary, not to exceed $10,000,000, of which $5,000,000 was made available immediately.

There are given below statements showing the resources and liabilities of the Defense Housing Insurance Fund as of June 30, 1941, and December 31, 1941, and the changes in the fund from its establishment, March 28, 1941, to December 31, 1941.

STATEMENT 16.—*Resources and liabilities of the Defense Housing Insurance Fund as at June 30, 1941, and Dec. 31, 1941*

	June 30, 1941	Dec. 31, 1941
Resources:		
Cash on deposit with Treasurer of United States	$403, 814. 40	$863, 419. 59
Accrued interest receivable on Treasury bonds	27, 499. 98	32, 282. 74
U. S. Treasury bonds	4, 400, 000. 00	4, 400, 000. 00
Unallocated funds receivable from Reconstruction Finance Corporation	5, 000, 000. 00	5, 000, 000. 00
Total resources	9, 831, 314. 38	10, 295, 702. 33
Liabilities: Reserves (unallocated funds from Reconstruction Finance Corporation)	5, 000, 000. 00	5, 000, 000. 00
Excess of resources over liabilities	4, 831, 314. 38	5, 295, 702. 33

STATEMENT 17.—*Analysis of changes in the Defense Housing Insurance Fund from Mar. 28, 1941, to Dec. 31, 1941*

	Mar. 28, 1941, to Dec. 31, 1941
Income and accretions:	
Appropriation allocated from Reconstruction Finance Corporation	$5, 000, 000. 00
Fees	511, 431. 71
Mortgage insurance premiums	97, 407. 20
Interest on U. S. Treasury bonds	77, 418. 42
Total income and accretions	5, 686, 257. 33
Transfers and expenditures:	
Transfer to appropriation, administrative expenss	390, 555. 00
Total transfers	390. 555. 00
Excess of income over transfers and expenditures	5, 295, 702. 33

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